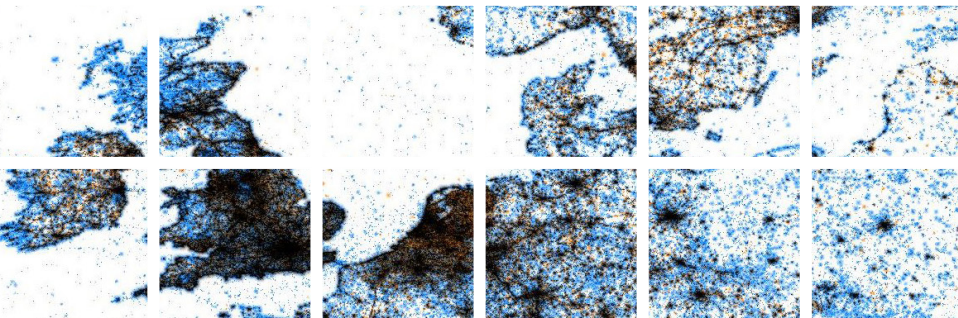




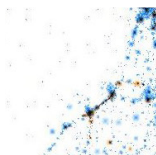
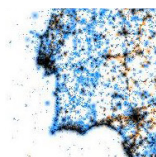
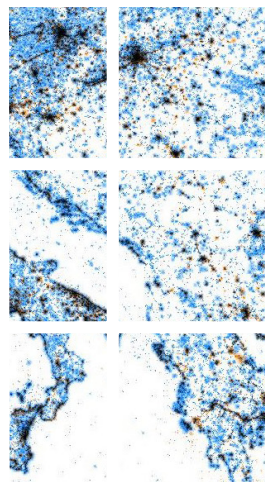
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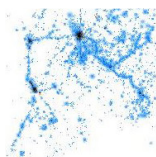


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POLITICAL PARTIES AND POLITICAL FOUNDATIONS AT EUROPEAN LEVEL. CHALLENGES AND OPPORTUNITIES



by LUCIANO BARDI, EDOARDO BRESSANELLI,
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DIRECTORATE GENERAL FOR INTERNAL POLICIES
POLICY DEPARTMENT C: CITIZENS' RIGHTS AND
CONSTITUTIONAL AFFAIRS

CONSTITUTIONAL AFFAIRS

**Political Parties and Political
Foundations at European Level.
Challenges and Opportunities**

STUDY

Abstract

This Report is a follow-up study on “How to create a transnational party system” (2010); it illustrates recent challenges and opportunities at EU level concerning the emergence of: i) transnational parties and a transnational party system; ii) constraints and opportunities for representative democracy. The main areas addressed in the report are: (a) voting coherence of the EP Party Groups after the Euro-crisis; (b) regulation of political parties at European level (PPELs); (c) role of political foundations at European level (PFELs).

This study was requested by the Committee on Constitutional Affairs.

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LIST OF ABBREVIATIONS

AGRI	Agriculture and Rural Development Committee
AECR	Alliance of European Conservatives and Reformists
AFCO	European Parliament's Constitutional Affairs Committee
ALDE	Alliance of Liberals and Democrats for Europe
CER	Centre for European Reform
CES	Centre for European Studies
CMC	Centre Maurits Coppieters
EAF	European Alliance for Freedom
EB	Eurobarometer
EC	European Community
ECPF	European Christian Political Foundation
ECPM	European Christian Political Movement
ECR	European Conservatives and Reformists
EDP	European Democratic Party
EFA	Alliance Free Europe
EFD	European of Freedom and Democracy
EFF	European Foundation for Freedom
EGP	European Green Party
EL	Party of the European Left
ELF	European Liberal Forum
EMU	Economic Monetary Union
EP	European Parliament
EPP	European People's Party
EPRG	European Parliament Research Group
EU	European Union
EUDemocrats	Alliance for a Europe of Democracies
FELD	Foundation for a Europe of Liberties and Democracy

FEPS	Foundation for European Progressive Studies
GEF	Green European Foundation
GUE/NGL	Confederal Group of the European United Left/Nordic Green Left
IED	Institute of European Democrats
MELD	Movement for a Europe of Liberties and Democracy
MEP	Member of the European Parliament
OPPR	Observatory on Political Parties and Representation
PES	Party of European Socialists
PFEL	Political foundation at European Level
PPEL	Political party at European Level
S&D	Group of the Progressive Alliance of Socialists and Democrats

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1. EXECUTIVE SUMMARY. BACKGROUND AND AIMS

KEY FINDINGS

- This report is based on a follow-up study on “How to create a transnational party system”.
- It focuses: (a) the policy positions and coherence of the EP Party Groups after the Euro-crisis; (b) the regulation and funding of political parties at European level (PPELs); (c) the role of political foundations at European level (PFELs).
- It ascertains the continued ability of EP Party Groups to respond cohesively to the challenges posed by the current economic crisis.
- It further assesses the opportunities and incentives provided by EU legislation on political parties at the EU level for the development of a transnational party system.
- Finally, it provides an assessment of the institutionalization of PFELs as organizations created for the promotion of democracy at EU level and for the support of their related PPELs.

This report is based on a follow-up of the study “How to create a transnational party system” commissioned by the European Parliament’s Constitutional Affairs Committee (AFCO) and conducted in 2010 by the Observatory on Political Parties and Representation (OPPR). The original study covered four aspects:

- 1) An analysis of the political doctrine and programmes of major political parties in several Member States.
- 2) An examination of current procedures applied to political parties with regard to how they choose leaders for European Office.
- 3) The development of proposals on how to help a European political party system evolve from national structures strongly influenced by historical traditions and cultural actors.
- 4) Suggestions regarding the extent to which the European electoral system and different systems of party financing would have to be revised in order to facilitate the above objectives

The follow-up updates, revises, and extends the original report. In particular, the updates and revisions concern:

- 1) The policy positions and coherence of the European Parliament (EP) Party Groups after the Euro-crisis;
- 2) The regulation and funding of political parties at European level.

Furthermore, this report presents a first assessment of an aspect not directly touched upon in the original study, namely:

- 3) The role of political foundations at European level (PFELs).

The discussion of transnational parties requires some semantic clarification. The official definition in regulation EC 2004/2003 is Political Parties at European level (PPELs). However this denomination is insufficient due to the complexity of political parties as organisations.

PPELs represent only one of the three faces of transnational party organisation¹, the party in central office. The other two faces are the EP Party Groups (party in public office) and the national parties (party on the ground). An additional term, Europarty, is then needed to indicate a party entity at European level that includes all three organisational components. Table below lists the PPELs and the corresponding EP Groups and PFELs.

Table 0.1: PPELs, EP Groups and PFELs

PPEL	EP Group	PFEL
European People's Party (EPP)	Group of the European People's Party (EPP)	Centre for European Studies (CES)
Party of European Socialists (PES)	Progressive Alliance of Socialists and Democrats (S&D)	Foundation of European Progressive Studies
Alliance of Liberals and Democrats for Europe (ALDE)	Alliance of Liberals and Democrats for Europe (ALDE)	European Liberal Forum (ELF)
European Democratic Party (EDP)	Alliance of Liberals and Democrats for Europe (ALDE)	Institute of European Democrats
European Green Party (EGP)	EGP-EFA	Green European Foundation
Alliance Free Europe (EFA)	EGP-EFA	Centre Maurits Coppieters
Alliance of European Conservatives and Reformists (AECR)	European Conservatives and Reformists (ECR)	New Direction - Centre for European Reform (CER)
European Christian Political Movement (ECPM)	European Conservatives and Reformists (ECR)	European Christian Political Foundation (ECPF)
Party of the European Left (EL)	Confederal Group of the European United Left/Nordic Green Left (GUE/NGL)	Transform!
Alliance for a Europe of Democracies (EUDemocrats)	Confederal Group of the European United Left/Nordic Green Left (GUE/NGL)	Organisation for European Interstate Cooperation
Movement for a Europe of Liberties and Democracy	Europe of Freedom and Democracy (EFD)	Foundation for a Europe of Liberties and Democracy
European Alliance for Freedom (EAF)	Europe of Freedom and Democracy (EFD)	European Foundation for Freedom (EFF)

¹ According to Katz Mair (1993) the organisation of political parties can be divided in three "faces": the Party in Central Office, the in Public Office, and the Party on the Ground.

1.1. Policy Positions and Coherence of the EP Party Groups after the Euro-crisis

How sparse and heterogeneous are the constituent member parties within the EP political groups? To what extent are their policy positions different or similar? These were the main research questions addressed in chapter I of the 2010 Report. A crucial normative argument underlies the examination of policy positions of EP political groups: only homogeneous political groups can pursue a coherent political agenda. If the groups are too internally divided, they will fail to deliver what they promised to the European electorate (through the national parties). It will be impossible for them to state an official policy position and pursue it in the EP, to issue common declarations and, more importantly, to vote cohesively in the committees and in the plenary. Even more fundamentally, the ideological coherence of the political groups is prospectively of crucial importance for EU democracy. It could certainly be argued (although with some reservations) that when (and if) the national parties that have coalesced into the same EP political group express similar concerns and values, then common 'European' party cultures and even identities are already in place. It is for this reason that the examination of policy positions is so necessary. The 2010 report presented a moderately positive picture for the prospects of representative party democracy in the EU – at least as far as party coherence and differences are concerned.

This report integrates and updates the analysis of the positions and level of coherence reached in the EP groups by focusing on the impact the economic and financial crisis has had on possible differences generated within the Party Groups by the reactions of their different national components. This analytical choice is a result of the observation that the crisis appears to have increased the divergence between the creditor countries of Northern Europe and the debtor countries of Southern Europe, wherein the former group is fairing comparatively well and the latter is experiencing a recession and suffering from record levels of unemployment.

The analysis of whether the crisis and the crisis-related policies have had an impact on the policy coherence of the EP Party Groups relies on three different sources: Eurobarometer (EB) data is used to map the attitudes of the electorate; a survey of Members of the European Parliament (MEPs) is used to assess attitudinal differences between Northern and Southern members within Party Groups; and roll-call voting data is used to assess the existence of possible North-South divisions on key votes within the political groups in the period following the crisis.

1.2. The Regulation and Funding of Political Parties at European Level

The increased regulation of political parties at national level throughout Europe has generally been justified as a measure to enhance the quality of democracy as it promotes party organizational convergence and deters the emergence and institutionalization of anti-system parties. Our 2010 report indeed confirmed the organizational convergence hypothesis, whereby parties that at national level operate within a common system of party financing tend to adapt their organizations in order to avail themselves of state funding.

This evidence constitutes a good starting-point in favour of the argument that a strong European level system of party financing and regulation could produce a similar effect and

therefore could help promote transnational convergence and hence transnational party-building. In this regard we maintain that Regulations (EC) 2004/2003 and (EC) 1524/2007 – which define the role of European political parties and the requirements needed for parties to become eligible to receive funding from the EU – may well help consolidate more effectively the various party components operating at the European level: political parties at European level (PPELs), EP Groups and national parties.

However, the relationship between party finance rules and party building is not unambiguous. Where parties have a long-standing organizational tradition, their primary interest is to maintain their structural articulation, by adapting to external changes, thus producing financing schemes that are suited to their general goals and organizational needs. But depending on their organizational complexity, parties will still rely on other kinds of revenue as well. Such alternatives can produce convergence or divergence in organizational models within different party systems. These differences notwithstanding, it seems reasonable to assume that in transitional regimes or in non-stabilized party systems (like the EU), where non-institutionalized party organizations exist, party financing schemes will influence party-model convergence and party-building processes.

This report updates the previous study and focuses more in depth on the problem of organizational institutionalization by shifting the attention to a reform proposal recently advanced by the Commission on the statute and funding of political parties at European level (based on the Giannakou Report). Its potential ability to overcome the shortcomings of the existing regime based on Regulation (EC) No 2004/2003 and its 2007 amendment (Regulation No 1524) is considered to be of particular relevance. More specifically, our analysis combines party laws/regulations and funding regimes. With regard to the first dimension, *party regulation*, we consider four variables: 1) the eventual procedures for party registration; 2) the eventual provisions on party internal organization and party democracy; 3) the eventual provisions on party programmes; 4) the eventual provisions regarding cases of termination of party activities. With regard to the second dimension, *party funding*, we analyse four more variables: 1) the presence of direct public funding; 2) the presence of indirect public funding; 3) the eventual limits set on private funding; 4) the eventual limits placed on party expenditures. This analysis is integrated with further observations on the criteria for party eligibility to receive public funds and on provisions regarding transparency and publicity.

1.3. The Role of Political Foundations at European Level

The 2010 report did not consider the potential role of political foundations at European level (PFELs) given their development was still at best in its embryonic stage. Since Regulation 1524/2007 established PFELs as a tool to organize policy discussion within the EU, six years have passed. In this time, they have been organized as entities that are formally and respectively affiliated to political parties at European level (PPELs), the objectives of which they are expected to support and underpin through their activities (Reg EC 1524/2007). By creating the PFELs, the evident intent of the Regulation was to provide PPELs with an additional instrument to help them perform their functions.

This theoretical role has been also confirmed by the fact that over the last three years they have progressively increased their activities and made their presence felt (Gagatek and Van Hecke 2011). The inclusion of a section on PFELs in our follow-up report is therefore a necessary complement to our original study, even if the topic was not originally part of the report. Clearly, we are still at a fact-finding stage on this topic and we seek to address the following questions regarding the existing PFELs:

1. What resources do PFELs have in terms of human and financial assets? (e.g., how do budgets and human resources vary over the years?)
2. What is the role of the PFELs? How do PFELs see themselves? (e.g., what are the aims officially expressed by the PFELs?)
3. Since their formation, how have they interpreted their role? Through which activities do they perform their role? (e.g., the organization of conferences, seminars, youth and other annual events, summer schools, periodical or *ad hoc* publications etc.)
4. In carrying out their activities do they act as single entities or as networks of national or functional entities? Does this vary depending on the activities that are planned? Do they have a fixed central office or does this vary?
5. What are their relations with their affiliated PPELs? (e.g., do they often perform activities jointly with their PPEL? Is there overlapping personnel between the two?)
6. What are their relations with their affiliated national political foundations? (e.g., do they limit their activities to the European Union or do they also have relations with organisations from extra-EU countries?)
7. How do they perform their political education function? (e.g., do they increase their activities during the electoral campaigns – short-term perspective – or do they perform initiatives independently of elections and special events?)

To answer these questions we analyse primary resources and complement them with data gathered through a questionnaire submitted to representatives of the PFELs themselves.

2. POLICY POSITIONS AND COHERENCE OF THE EP PARTY GROUPS AFTER THE EURO-CRISIS

KEY FINDINGS

- With regard to EU democracy, homogeneous political groups are crucial in providing European voters with a meaningful programmatic supply.
- Despite the fact that the impact of the 2007 'mega-enlargement' has been limited, the recent economic crisis may have endangered cohesion and the policy agenda of the Political Groups, resulting in a new territorial divide between Northern and Southern MEPs.
- However, the analysis of the preferences of both the 'party in the electorate' and the 'party in public office' unexpectedly revealed that differences between the Northern and the Southern members of the EP Party Groups remain small and have not grown after the crisis.
- Similarly, a territorial split within the Party Groups was not observed in the analysis of MEP voting behaviour, leading to optimistic conclusions about the EU party system's political development in spite of the economic crisis.

This chapter builds on the first chapter of the report, "How to Create a Transnational Party System" (Bardi *et al.*, 2010), which looked at the positions and coherence of the EP Party Groups after the Eastern enlargement. Our aim, in light of the current economic and financial crisis of the European Union (EU), is to update it. To pursue this objective, we take a much narrower focus, concentrating selectively on the position of the national member parties of the EP Party Groups on crisis-related policies, such as the economic governance of the EU or the Economic and Monetary Union (EMU) and the Euro.

The rationale underlying this analytical focus is easy to explain. The economic and financial crisis of the EU and the new 'politics of austerity' (Streeck and Schafer, 2013) that accompany it are deemed responsible for having produced new tensions or exacerbated old ones in the EU. In particular, the crisis appears to have increased the divergence between the creditor countries of Northern Europe and the debtor countries of Southern Europe. Indeed, while the economies of the countries in the former group are doing comparatively well, those of the countries in the latter group are suffering from record levels of unemployment and have entered a severe recession.

Hence, the question asked in this chapter is whether the crisis and the crisis-related policies have had an impact on the policy coherence of the EP Party Groups. Fundamentally, what interests us more here is whether – after the crisis – the Northern and the Southern member parties of the EP Party Groups have developed significantly different positions on such key economic policies pursued by the EU as the common currency or its new economic governance. While the scholarly literature on the policy coherence of the EP Party Group following the enlargement has demonstrated that the expansion to incorporate Central and Eastern Europe did not have a negative impact – also a key finding of the previous report (Bardi *et al.*, 2010, pp. 29-31) – the economic and financial crisis is likely to represent a new challenge for their coherence.

Different data is used to study the range of positions represented within the EP Party Groups. Using the recently released Eurobarometer (EB) data, we map the attitudes of the 'party in the electorate'.² On the basis of a survey of MEPs, we look for attitudinal differences between Northern and Southern members in the 'party in public office'. Finally, in an analysis of voting behaviour with regard to several key anti-crisis measures in which the EP was co-legislator – specifically, the 'Two-Pack' and the 'Six-Pack' – we are able to evaluate if there is evidence for a North-South division within the political groups in the post-crisis period. The unambiguous conclusion that emerges from this analysis is that the crisis, for the time being at least, has not led to disruptions in the coherence of the EP Party Groups. In other words, the coherence of the EP Party Groups has not been undermined.

2.1. The Economic and Financial Crisis and the EP Party Groups

It is generally argued that the coherence of the groups is a function of cross-cutting economic and social cleavages in the EU (Schmitt and Thomassen, 1999; Bardi *et al.* 2010): the more the cleavages cut across the national borders of the EU Member States, the stronger the coherence of the transnational groups. In other words, parties should have more in common with other parties from the same party family, than with other parties from the same member country. For example, two Socialist parties should have more in common than two French parties. When this is not the case – that is, when inter-party differences coincide with the national borders of the EU Member States – the idea of coherent transnational parties is fundamentally called into question.

As the EU expanded eastward, it was feared that parties from the post-communist region would not "fit" neatly within the West European party families, whereby the territorial division (in this case, West-East divisions) would manifest alongside ideological (left-right) divisions. Yet, research has convincingly demonstrated that the cleavage between the old and new members of the EU failed to materialize (see Section 3 below). Would the recent economic and financial crisis, then, represent a more substantial challenge for the coherence of the groups?

Indeed, the economic and financial crisis introduced a new territorial divide within the pool of old members, separating the surplus countries in Northern Europe from the deficit countries in Southern Europe. The economic cleavage between the North and the South of Europe became more and more dramatic as the crisis unfolded. Taxpayers in the former countries were asked to provide money to bail-out the insolvent countries of Mediterranean Europe (and Ireland) and, in return, they required that the latter implement strict austerity policies, cut public spending, run a balanced budget and implement structural reforms. The short-term consequences of austerity for the Member States in the South were high interest rates, growing unemployment rates and, more generally, the onset of economic recession. Consequently, the economic and financial crisis might have produced, or accentuated, a deepening of the differences between the Northern and the Southern members of the Union.

What would be the relevance of this argument for the EP Party Groups? If the crisis rendered more salient the territorial divide between Northern and Southern members, there would be substantial implications for party coherence. It might be expected that members

² This chapter does not adhere to Katz and Mair's now classic distinction between the "party in central office", the "party in public office" and the "party on the ground" (Katz and Mair, 1993). When applied to Europarties, the "party on the ground" is generally used to refer to the national member parties (Bardi *et al.*, 2010). In this chapter, as our goal is to map attitudes at the level of the (national) party electoral base of support, we have opted for the expression "party in the electorate".

from the same geographical area (e.g. Southern Europe) would have more similar preferences with regard to socio-economic policies or the governance of the EU than with other members of the same 'party family'. In other words, the ideological coherence between members would be blurred by this new territorial divide.

2.2. State of the Art: the EP Party Groups after EU Enlargement

At the time the first report (Bardi *et al.* 2010) was written, the key issue for the EU and for the ideological coherence of its EP Party Groups was the assessment of the impact of enlargement. The intake of a large number of new members between 2004 and 2007 raised concerns over whether the Party Groups would successfully be able to absorb them. There were legitimate preoccupations that the new groups constituted in July 2009 would not be 'United in Diversity' – to borrow the words of the EU motto – and that too much internal diversity would undermine their capacity to act cohesively. In Chapter 1 of the report, we assessed empirically the consequences of enlargement through an analysis of both the Euromanifestos and EU Profiler data. Our conclusion was unambiguous and, to some extent, counter-intuitive. In the report, we stated: the 'impact [of enlargement] on the cohesion and the policy agenda of the political groups has been moderate. CEE parties have some distinct priorities (especially in foreign and in economic policies) but, overall, they are far from constituting a separate sub-group' (Bardi *et al.* 2010, p. 30).

From 2009 onwards, other studies that mapped the position of the Party Groups also focused on their internal diversity. Although they shared similar expectations that the inclusion of the new members would prove disruptive, and despite the different data that was compiled and used to make the analysis, the results of these studies all support the claim that the enlargement has *not* undermined the coherence of the Party Groups. In fact, academics have written that 'surprisingly enough, the EU party system has not changed much as a result of Eastern enlargement' (Schmitt and Thomassen 2009, p. 582); that 'no evidence [was found] that enlargement has affected the overall ideological structure or that it has weakened partisan divisions' (Voeten 2009, p. 94); that 'even given the extraordinary diversity among of the national political systems of the newly expanded EU ... we find a convergence in the structure of political contestation between the national and the European arenas' (McElroy and Benoit 2010, p. 396); and that 'party cohesion [has] remained stable despite the 2004 enlargement' (Hix and Noury 2009 p. 162). That this conclusion is very robust, insofar as it is based on the analyses of different data such as texts (party manifestos), attitudinal surveys of MEPs, expert surveys, and roll-call votes in the EP, is particularly significant.

Yet, the enlarged groups vary in their level of coherence. Obviously, a broader range of positions is found within the larger Party Groups – which bring together parties from several, if not all, of the 28 EU-member countries, and often include more than one party per member country. In our report, the data revealed that this was particularly the case for the ALDE Group, whose members had quite a diverse range of positions on left-right policies (Bardi *et al.* 2010, p. 30). In a later study that used expert surveys to analyse the policy development of the Party Groups, it was also found that the 'ALDE has the widest range of positions among its member parties' (McElroy and Benoit 2012, p. 162).

Interestingly, analyses on voting behaviour reveal that the (then) new members from Central and Eastern Europe do not tend to defect more from their EP Party Group than old members. In an early study of voting behaviour in the Sixth EP, Coman (2009, p. 1112) argued that they are actually less likely to go against their group plurality, insofar as they might be eager to integrate into the system and be recognized as equals by the other

MEPs. A similar perspective is shared by Lindstaedt *et al.* (2012), who, in their observations of more defections from the new members in an early phase of the legislature, make the contention that as new members adapt over time to the norms of the parliamentary assembly differences in voting behaviour among newer and incumbent MEPs disappear. However, a study on the organizational adaptation of the political groups to enlargement demonstrates that the high levels of voting cohesion of the enlarged groups should not come as a surprise (Bressanelli, 2014). As the intake of a large number of new members and delegations was likely to endanger cohesion, the group leaderships strengthened the group organizations and introduced new institutional mechanisms to forge consensus and strengthen intra-party agreement.

Unfortunately, just as the evidence had been gathered to demonstrate that enlargement was much less problematic than was expected *ex ante*, the economic and financial crisis hit the EU and its member countries. When Lehman Brothers declared bankruptcy in September 2008, few would have predicted that what first appeared to be a subprime mortgage crisis would later become an economic crisis of unprecedented magnitude in the post-World War II era. Shortly after the EU and its EP Party Groups had absorbed into their ranks the new member countries and parties, new questions and issues emerged on the EU agenda, providing a new challenge for the EU and its parties. In the section that follows, we provide a preliminary empirical assessment of the cohesion of the EP groups after the outbreak of the crisis.

2.3. The 'Party in the Electorate' and the Crisis

To assess whether the Party Groups became internally divided along territorial lines following the Euro-crisis, we look first at the attitudes of their supporters towards the Economic and Monetary Union (EMU). Attitudes towards the EMU and the single currency are likely to be shaped by the perceptions that citizens have of the economic situation and the role the EU has played. It is thus reasonable to expect some variation to have occurred in attitudes towards the EMU in the different regions of Europe according to how these were affected by the crisis. We capture the attitudes of the citizens using Eurobarometer (EB) survey data, operationalizing the 'party in the electorate' by aggregating individual answers first by national party and then by political group in the EP. To pursue this task, we take advantage of the questions asked by EB 69.2 (March-May 2008) and EB 71.1 (January-February 2009) on 'party attachment'³, and EB 71.3 (June-July 2009) on 'EP election vote?'.⁴ Using these new data, which have been recently released to the public by the EC⁵, we are able to describe the attitudes of party supporters approximately one year after the bankruptcy of Lehman Brothers and to present a before and after comparison of the 'party in the electorate' with regard to the crisis. In this way, we are able to gauge if attitudes in the base of support of the EP Party Groups changed *after* the crisis (if not specifically *because* of the crisis).⁶

We start our analysis by comparing the attitudes towards the EMU among party supporters in Northern and Southern Europe. Operationally, we have included Belgium, Germany, France, Finland, Luxembourg, the Netherlands and Sweden in the former group, and Cyprus, Greece, Ireland, Italy, Malta, Portugal and Spain in the latter. We use EB 71.3, which asked the EU citizens their opinion on 'A European Monetary Union with a single

3 EB 69.2 D2 and EB 71.1 Q A26 'Party Attachment'

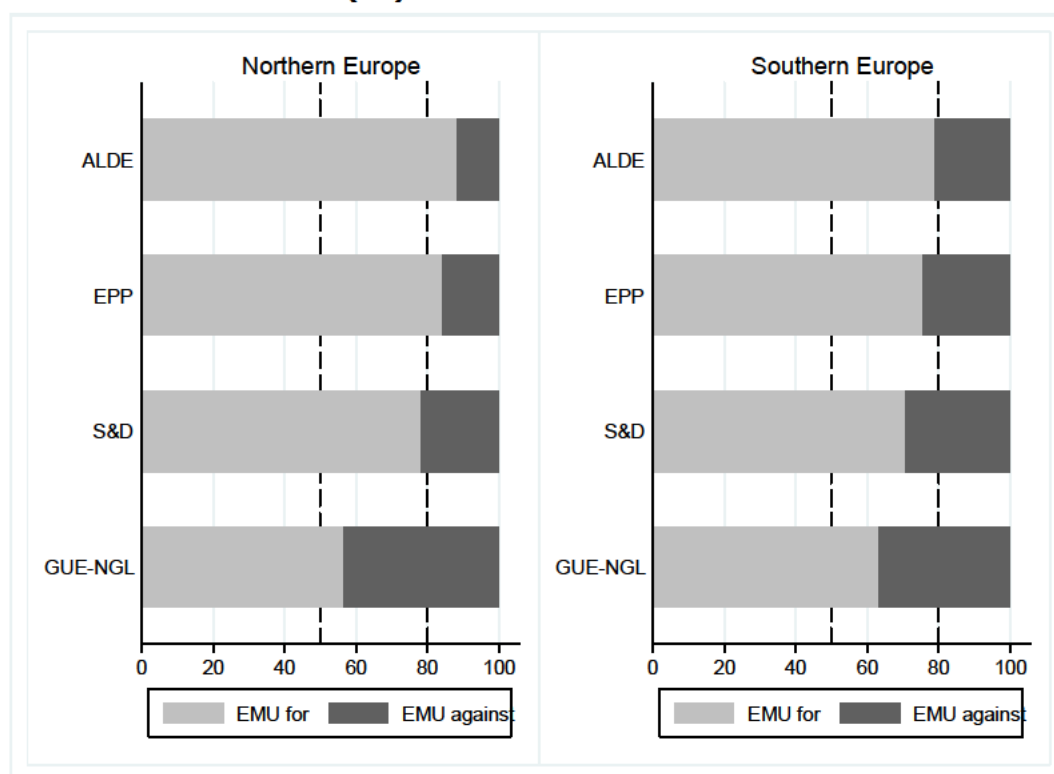
4 EB 71.3 Q K2 'European Election Vote'

5 See <http://www.gesis.org/en/gesis-news/article/new-eb-data-on-european-elections-2009/> (consulted on 15.12.2013)

6 Unfortunately, the 'party attachment' question in EB 73.1 is still classified.

currency, the Euro'.⁷ Graph 1 shows the share of party supporters for or against the EMU for the three largest EP Party Groups and the GUE-NGL. In order to ensure that the comparison was meaningful, we decided to exclude from the analysis those Party Groups that – in each macro-region – did not include at least two national parties with more than one member represented in the EP. Substantively, the graph shows that party supporters in the Northern and the Southern member countries have similar attitudes towards the EMU, at least in this early phase of the crisis. If voters of the EPP, the S&D and the ALDE in the Southern half of Europe are less favourable toward the EMU and the Euro, the differences in their stance with regard to North European parties are small. On the contrary, in the case of the GUE-NGL (where a substantial – but not majoritarian – share of supporters is against the EMU and the Euro) attitudes towards the EMU are slightly more positive among South European voters. Yet, differences among supporters of the North and the South European member parties do not appear to be large.

Figure 2.1: Support for the EMU in Northern and Southern Europe in the aftermath of the crisis (%)



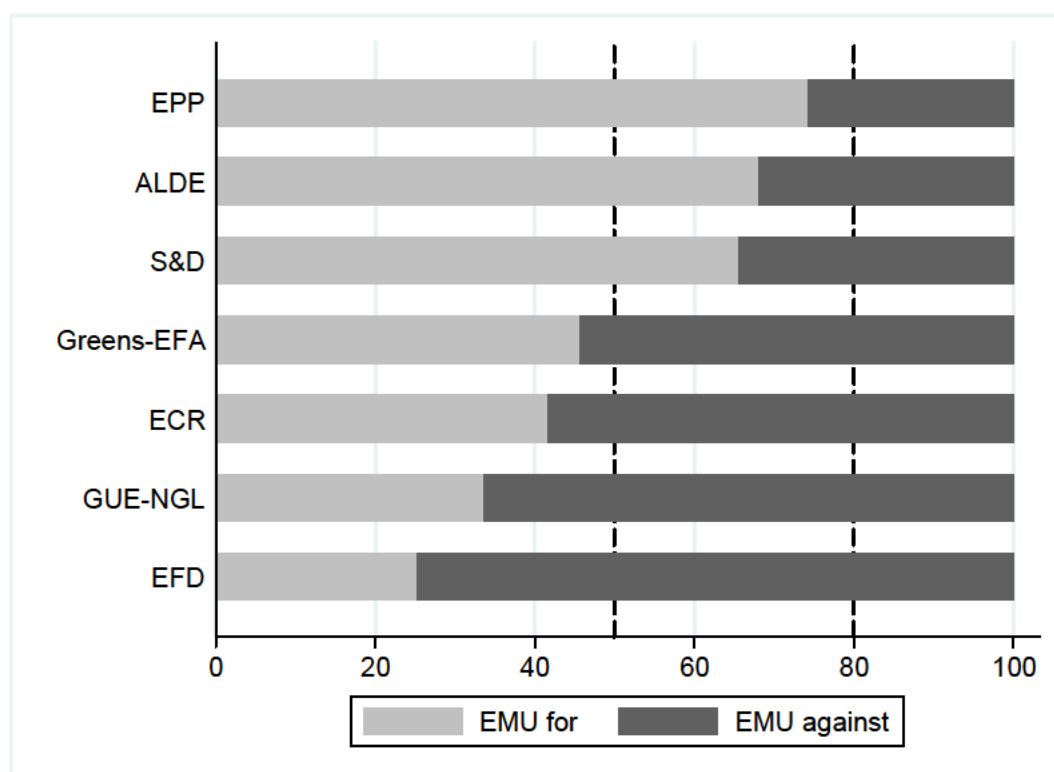
Source: elaboration from EB 71.3

Indeed, the impression that North-South differences do not constitute a clear divide within the Party Groups is corroborated by the figures on support for the EMU in the EU member countries that are outside the Euro-area. As EB has traditionally found, citizens of the member countries that are outside the Eurozone tend to be significantly less supportive of the EMU and the common currency. Indeed, Graph 2 shows that support for the EMU in the electorates of both the S&D and the ALDE is more than 10 per cent lower outside the Euro-area. Furthermore, the graph also shows that a majority of supporters of the member parties of the Greens-EFA, the ECR, the GUE-NGL and the EFD are against the EMU and the single currency. When all is considered, there is more of a divide between party supporters

⁷ EB 71.3 Q A15 'EU Proposals: Single Currency'

within the Eurozone and those outside it than between the party supporters from the North and the South of the EU.

Figure 2.2: Support for the EMU in the Non-Euro Area in the aftermath of the crisis (%)



Source: elaboration from EB 71.3

In order to provide a preliminary assessment of the impact of the crisis, we compare the same question on support for the EMU in EB 71.3 and 69.2.⁸ Interviewees were asked to indicate whether they were for or against the EMU and the single currency in early 2008 and mid-2009: in the interval between the two rounds of the EB survey, the drop in GDP that was recorded in several EU Member States was the largest ever to have occurred in the post-WW2 period to date.

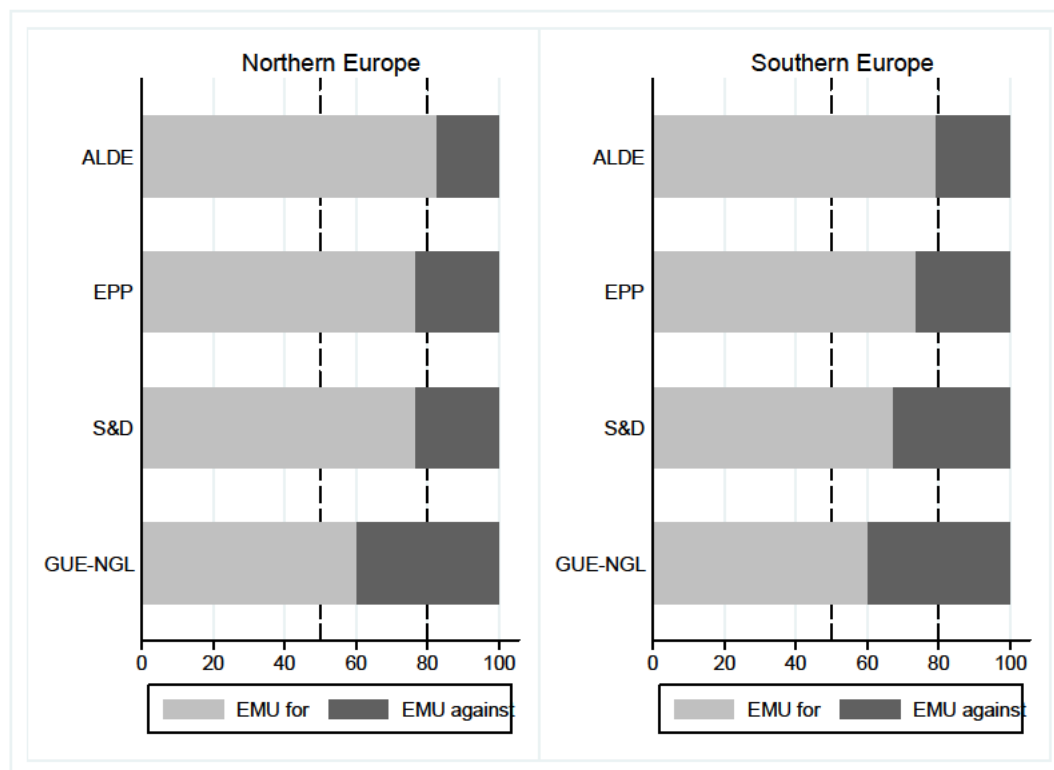
Yet, the overall picture that the two surveys convey is rather similar. Graph 3 shows that, before the crisis, support for the EMU was found mostly within the ALDE, the EPP and the S&D. Furthermore, support for the EMU was, on average, lower in the Southern than in the Northern member countries. Yet, these differences were not large. Finally, the EB data point to stronger differences between the party supporters inside and outside the Euro-area – for instance, 83 per cent of the ALDE supporters and 61 per cent of the GUE-NGL supporters in the Euro area are in favour of the EMU, whereas these figures drop to 61 and 26 per cent respectively for the supporters living in member countries that fall outside the Eurozone – than those between the party supporters in the Northern and the Southern regions of Europe.

Therefore, the analysis of the attitudes of the 'party in the electorate' in the aftermath of the outbreak of the crisis provide rather reassuring evidence regarding the coherence of the

⁸ QA 15 on EB 71.3 and QA 37 in EB 69.2

electorates of the national member parties of the EP Party Groups and, in particular, of the largest among them. At least in the early phase of the crisis, at the level of party supporters, we have not observed a split between the Northern and the Southern member parties.

Figure 2.3: Support for EMU in 2008 - before the crisis (%)



Source: elaboration from EB 69.2

Moreover, as the economic and financial crisis has directly called into question the feasibility of the EMU and the very existence of the common currency, we further explore the attitudes of party supporters with regard to several institutional reforms that were proposed to address the crisis. We use here a set of questions in EB 71.1 to investigate the attitudes of the party supporters on the following institutional reforms: a stronger role for the EU in the regulation of financial services and in the surveillance of financial groups; and the supervision of the EU when public money is used to rescue banks or financial institutions.⁹ We report the average scores of the North and South European parties of the EP Party Groups, as well as those for the countries outside the Eurozone. Table 1 clearly displays that party supporters, and especially those of Southern European parties, are willing to grant a stronger role to the EU in the regulation of financial services and groups, as well as when public money is used to save banks. In other words, the EU is perceived – in this early phase of the crisis – as an effective player in the fight against the crisis.

⁹ EB 71.1. Questions QD.9_1, QD.9_2 and QD.9_4 respectively.

Table 2.1: The role of the EU in the financial crisis

	Stronger role of the EU in regulating financial services			Surveillance of the EU of international financial groups			Supervision by the EU when public money used to rescue financial institutions		
	<i>North</i>	<i>South</i>	<i>No Euro</i>	<i>North</i>	<i>South</i>	<i>No Euro</i>	<i>North</i>	<i>South</i>	<i>No Euro</i>
EPP	1.9	1.9	2	1.9	1.8	2	1.8	1.8	1.9
S&D	2	1.9	2	2	1.9	2	1.9	1.8	2
ALDE	2	2	2.1	2.1	1.9	2	2.1	1.9	2.1
Greens-EFA	1.9	1.7	2.3	1.9	1.6	2.2	1.9	1.4	2.3
GUE-NGL	2.1	2	2.3	2.1	2	2.2	2.1	1.9	2.1

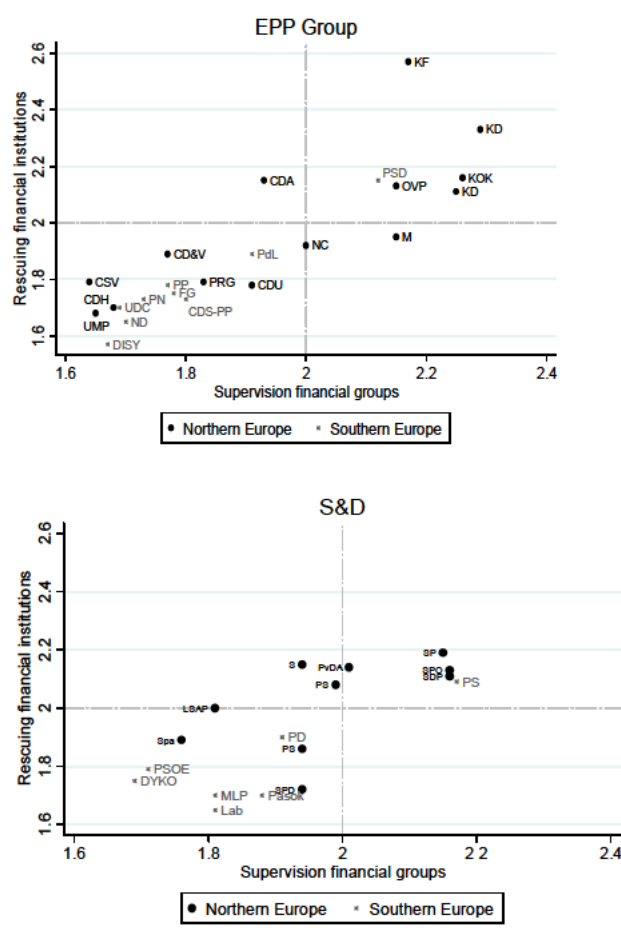
Key: 1: totally agree, 2: tend to agree, 3: tend to disagree, 4: totally disagree.

Source: elaboration from EB 71.1

In order to have a more detailed representation of the range of positions to be found among supporters of the national parties of the two largest EP groups, Graph 4 plots their position with regard to the role the EU had in supervising financial groups and the rescue of financial institutions. As can easily be observed, in both cases there is a clustering of observations in the lower-right and upper-left corners, respectively. In the S&D Group, all the parties – that is, their supporters – with a more moderate position on the role of the EU are clustered in the upper-right corner of the graph and belong to Northern Europe, with the exception of the Portuguese Socialist Party (PS). The case of the electors of the parties in the EPP Group is very similar: the upper left quadrant is occupied by parties from the Northern region, the only exception being another Portuguese party, the Social Democratic Party (PSD).

On the whole, the differences between supporters of the Northern and Southern member parties of the Party Groups are differences of degree, but not of kind. In other words, while sympathizers of the member parties of both the EPP and the S&D are generally in favour of a more active role of the EU, the Southern Europeans are even more willing to grant more powers to the EU. Do we get similar evidence if we move from the ‘party in the electorate’ to the ‘party in public office’? In the next section, our focus shifts from the party supporters to the party elites.

Figure 2.4: The role of the EU in the financial crisis: a closer look inside the EP Party Groups



Source: elaboration from EB 71.1

2.4. The Party in 'Public Office' and the Economic Crisis

2.4.1. Evidence from a survey of MEPs

A further assessment of the impact of the crisis was made by looking at MEP preferences. If in the previous section we looked at the positions of party supporters; here, we switch our focus to the elite level, i.e. the 'party in public office'. The goal of this analysis is to assess whether the attitudes of Northern and Southern MEPs toward key economic issues changed in the period *following* the crisis with respect to what they were *prior to* the crisis. In other words, we assess whether the Party Groups have become more 'divided' between their Northern and Southern components on key economic issues after and possibly as a result of the crisis. To date, each directly elected EP has been surveyed by scholars; the last three legislatures in particular (fifth, sixth and seventh) were investigated by three waves of surveys (1999, 2006 and 2010) prepared by the European Parliament Research Group (EPRG). The survey structure remained basically unaltered in time, thus making a diachronic comparison possible.

The focus here is on the last two surveys: that which was conducted in 2006 (long before the crisis exploded, in 2008) and the subsequent survey, conducted in 2010 (when the financial crisis had already evolved into an economic and social crisis). Twelve questions

contained in both surveys concerning the economic role of the EU in regulatory, budgetary and financial questions, for which the respondent was asked to answer using the classic five-point-scale¹⁰ were considered. The choice of the data is straightforward: every comparable question (namely, those with the same formulation for both surveys) that pertained to any economic issue was included. If the crisis has endangered the unity of Party Groups along a new territorial cleavage, we would expect significant differences between Northern and Southern members of each Party Group to have appeared. Table 2 shows the mean value of the MEP answers – aggregated by Party Group and differentiated between Northern and Southern ‘delegations’ – and the difference between these two components before and after the crisis. Due to the relatively small sample and the limited presence of some Party Groups in certain geographical areas, only the three main groups (EPP, S&D and ALDE) are analysed.

Figure 2.5: MEP attitudes on economic issues before (2006) and after the crisis (2010)

Q1. reg_labour							Q5. budg_development							Q9. budg_cohesion						
Year	2006			2010			2006			2010			2006			2010				
	N	S	Diff.	N	S	Diff.	N	S	Diff.	N	S	Diff.	N	S	Diff.	N	S	Diff.		
EPP	3,29	2,50	0,79	2,53	2,35	0,18	2,76	2,70	0,06	2,47	2,06	0,41	2,92	2,60	0,32	2,59	2,21	0,37		
S&D	1,78	1,58	0,19	1,57	1,84	0,27	2,00	1,58	0,42	2,14	2,16	0,02	1,89	1,17	0,72	2,00	1,68	0,32		
ALDE	3,29	2,33	0,95	2,71	2,25	0,46	2,36	1,67	0,69	2,29	2,00	0,29	2,92	1,83	1,09	2,57	2,25	0,32		
Q2. reg_EU_taxes							Q6. budg_unemployment							Q10. emu_inflation						
Year	2006			2010			2006			2010			2006			2010				
	N	S	Diff.	N	S	Diff.	N	S	Diff.	N	S	Diff.	N	S	Diff.	N	S	Diff.		
EPP	2,33	3,40	1,07	3,12	2,63	0,49	4,18	3,00	1,18	3,35	2,07	1,29	4,23	3,56	0,67	3,76	2,80	0,96		
S&D	1,83	2,09	0,26	1,71	1,95	0,23	2,28	1,70	0,58	2,71	2,05	0,66	2,59	3,00	0,41	3,07	2,95	0,12		
ALDE	3,21	2,67	0,55	2,71	2,75	0,04	3,83	2,83	1,00	2,86	2,50	0,36	3,33	3,33	0,00	3,50	2,75	0,75		
Q3. reg_environment							Q7. budg_agriculture							Q11. emu_deficit						
Year	2006			2010			2006			2010			2006			2010				
	N	S	Diff.	N	S	Diff.	N	S	Diff.	N	S	Diff.	N	S	Diff.	N	S	Diff.		
EPP	2,92	2,40	0,52	2,35	2,00	0,35	4,13	4,30	0,18	2,94	2,44	0,50	4,55	3,67	0,88	3,53	3,00	0,53		
S&D	1,89	1,33	0,56	1,57	1,79	0,22	4,42	4,17	0,25	3,71	3,26	0,45	2,76	2,89	0,12	3,21	3,16	0,06		
ALDE	2,14	1,67	0,48	1,71	2,25	0,54	4,36	4,17	0,19	4,00	3,25	0,75	4,00	3,83	0,17	4,50	3,00	1,50		
Q4. reg_food							Q8. budg_r&d							Q12. emu_ecb						
Year	2006			2010			2006			2010			2006			2010				
	N	S	Diff.	N	S	Diff.	N	S	Diff.	N	S	Diff.	N	S	Diff.	N	S	Diff.		
EPP	2,79	2,30	0,49	2,47	2,00	0,47	1,32	1,60	0,28	1,65	1,63	0,02	3,18	3,00	0,18	3,06	3,00	0,06		
S&D	2,00	1,50	0,50	1,79	1,95	0,16	1,33	1,17	0,17	1,57	1,47	0,10	3,63	3,56	0,07	2,93	3,11	0,18		
ALDE	2,43	1,50	0,93	2,29	1,75	0,54	1,36	1,00	0,36	1,43	1,75	0,32	3,33	3,60	0,27	2,67	3,00	0,33		

Source: elaboration from EPRG 2006 and 2010 surveys

The results provide a rather reassuring picture in terms of Party Group cohesion. First, some differences between Northern and Southern members of the same Party Group already existed in the pre-crisis period. For instance, Northern MEPs – of all groups – were less favourable of the greater regulation of labour rights at the European level (Q1) than their Southern colleagues; similarly, Northern MEPs thought that a smaller share of the EU budget should be allocated to cohesion policies (Q9) in comparison to their Southern

10 For the questions on regulation and EU budget, the scale corresponds to *a lot more / more / about the same / less / a lot less*; for the last two questions on the role of the EMU, the respondent is asked to grade his level of agreement with *completely agree / agree / neither agree nor disagree / disagree / completely disagree*.

colleagues. The major differences, however, remain between Party Groups rather than between Northern and Southern members of the same Party Group: for instance, the EPP and the ALDE – from both geographical areas – in 2006 were less supportive of the allocation of a quota of the EU budget to unemployment aids (Q6), while members of the Socialist group (later S&D) were considerably more in favour of such a measure.

Yet, were North-South differences exacerbated by the economic crisis? Surprisingly, not only is this not the case, but rather an opposite trend clearly emerges from the data. Differences between Northern and Southern members of the EP Party Groups not only remain small, but in the majority of cases tend to decrease (the highlighted cells in Table 2): In other words, the Party Groups seem to have become more internally coherent *after* the crisis than they were *before* the crisis (with the sole exception of Q7 on agricultural policy, where all Party Groups are – albeit marginally – more divided). Overall, the results are sufficiently clear to make the assertion that, a new territorial cleavage between Northern and Southern Europe did not emerge after the first year of the crisis, and this applies not only to the ‘party in the electorate’, but also to the party in ‘public office’.

2.4.2. Evidence from roll-call votes

A final assessment of the manner in which the crisis affected the EP Party Groups can be made by looking at MEP voting behaviour. While the previous sections examined the preferences of party supporters and legislators, this section assesses whether differences between Southern and Northern Europe can be found in MEP voting behaviour on several key anti-crisis measures.

This endeavour, it has to be noted, is more difficult than the previous one for two reasons. The first is structural: the EP has had a more limited role in the EU’s response to the financial and economic crisis, which has been characterized by the prominent role of the European Council. Furthermore, a number of anti-crisis instruments – such as the European Semester, the Euro Plus Pact and the Treaty on Stability, Coordination and Governance in the Economic and Monetary Union (TSCG), which includes a fiscal section known as the ‘Fiscal Compact’ – were adopted outside the EU framework in order to overcome political and legal hurdles and to speed up negotiations. In some cases, however, the EP was more actively involved. For instance, the reformed rules introduced in the Six Pack (which came into force in December 2011) and the Two Pack (which entered into force in May 2013) – both grounded in the European Semester, the EU’s economic policy-making cycle – has seen the EP designated the crucial role of co-legislator alongside the Council (Poptcheva, 2012).

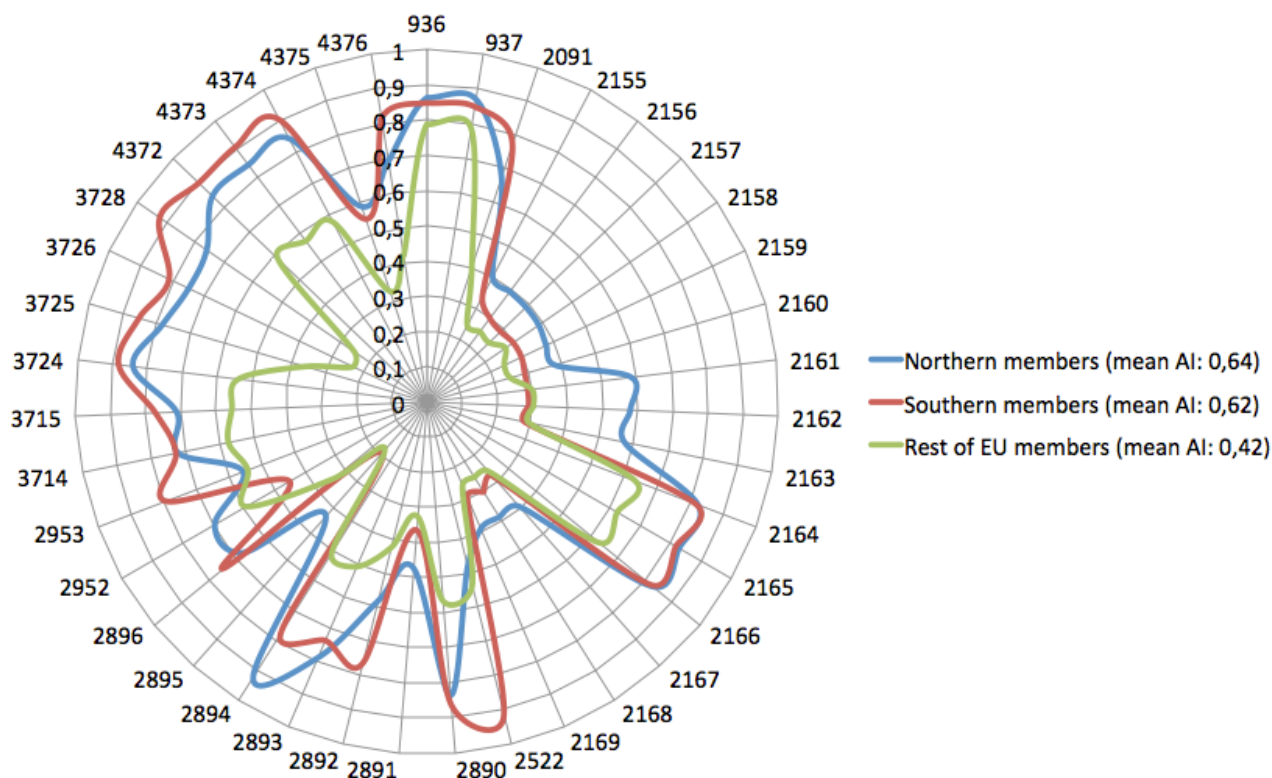
The second reason is methodological: our analysis of voting behaviour is based on ‘roll-call votes’, namely those votes for which there is a public record of the position taken by each MEP that actually voted (yes, no, abstain), those instances in which the MEP was absent, and those in which the MEP was present but did not actually vote. These votes, however, do not represent the entirety of the votes cast: in the case of the EP, they correspond to roughly one third of all votes. Moreover, since this subset is not representative of the complete population of votes, any inference based on this sample may be biased, especially if – as has been noted by several scholars (i.e. Carrubba and Gabel 1999; Hug 2006; Carrubba *et al.* 2008) – the object under scrutiny, such as political group cohesion, is associated with the reason for which Party Groups call for a roll-call vote¹¹.

11 Only final legislative votes, as was established in 2009 by the EP, must necessarily be roll-call votes. For all other cases, a parliamentary group or at least 40 MEPs must officially request a roll-call.

Despite these two elements, it is still reasonable to suggest that the crisis may have shaped voting behaviour. To analyse this, we look at roll-call votes on nine key anti-crisis measures that were voted in the seventh EP. The analysis comprises the final vote on the topic as well as the previous votes on the various amendments and related dossiers, where these were available; therefore, each measure may correspond to more than one voting session. On the whole, the dataset created consists of 39 different voting sessions¹², which correspond to 29,328 individual MEP votes. Placed in chronological order, the nine key measures selected for our investigation are the following: the creation of a European Bank Authority (September 2010); a general document on measures and initiatives to mitigate the financial, economic and social crisis underway (July 2011); the 'Six-pack', a set measures to reform the Stability and Growth Pact and to introduce new macroeconomic surveillance at the European level (September 2011); the possibility to create government bonds issued in Euros jointly by the 17 Eurozone countries, usually referred to as 'Eurobonds' (February 2012); the creation of a European financial transaction tax, or FTT (May 2012); the further refinement of the criteria to monitor the excessive deficits and difficulties of Member States with respect to their financial stability, generally called 'Two-pack' (June 2012 and March 2013); the latest approved multi-annual financial framework (March 2013); and lastly, the implementation of the FTT (July 2013).

In the analysis, we classified MEPs as 'Northern', 'Southern' and 'rest of the EU', according to the same criterion used in the previous sections. Then, we calculated the voting cohesion for each of the 39 votes by broad geographical area. In this way, it was possible to observe the likelihood all of the MEPs from each of these areas, regardless of the political group they belong to, would vote together. This original calculation – grouping MEPs not according to their country or Party Group, as the literature usually does (Hix *et al.* 2007), but by their broad geographical area – provides a more specific indication of the validity of the argument that MEPs that belong to the same area (Northern or Southern) behave similarly. Finally, it is to be noted that a meaningful 'before-after' crisis comparison is not possible here, for the obvious fact that we are looking specifically at anti-crisis measures.

12 Each of these votes is identified by a unique ID number: in our dataset, the numbers range from 936 to 4376.

Figure 2.6: Voting cohesion of Northern, Southern and other MEPs

Source: elaboration from VoteWatch, 2014

The average cohesion of Northern and Southern MEPs is fairly high and similar (64 and 62 per cent). This result is particularly meaningful if we consider that these legislators belong to different, often opposing, political traditions – from Communists to Eurosceptics – and that they voted on controversial economic dossiers, on which Party Groups in general tend to be less cohesive. The comparison between the score of these two groups with the rest of MEPs further corroborates the idea that Northern and Southern members have a comparatively high voting cohesion. In fact, the average cohesion of this third group is significantly lower (42 per cent). Graph 5 displays these results for each of the 39 votes: the closer the line to the centre of the radar graph, the lower the cohesion; conversely, the closer the line to the circumference, the higher the cohesion. Northern members (blue line) are always more cohesive than MEPs in the rest of the EU (green line), as is the case with Southern MEPs (red line) with the exception of the three votes on the ‘Six-Pack’ (2161, 2162, 2163) and in the first vote on the ‘Two-pack’ (2952). The general pattern, however, is evident: Northern and Southern groups of MEPs show significantly higher cohesion scores than the other MEPs. This is especially clear in the upper left part of the graph, for the votes between 3714 and 4374, i.e., the second round of votes on the ‘Two-pack’ in 2013, the multi-annual financial framework and the implementation of the Financial Tax Transaction.

There are two possible explanations for these results: either Northern MEPs tend to vote, for example, ‘yes’ to votes where Southern MEPs tend to vote ‘no’ (so both have a high internal cohesion, but vote differently), wherein the rest of the Parliament is split between the two options, or Northern and Southern MEPs tend to vote similarly, and the rest of the MEPs vote less cohesively. To assess which of the two is the correct explanation it is sufficient to check how the simple majority of MEPs in each ‘zone’ voted. Counter-intuitively, thus disproving once more the argument of the emergence of a new territorial cleavage, in *all* the 39 votes considered the majority of Northern and Southern MEPs

coincide, while in eight instances the majority of MEPs from other countries voted in the opposite direction.¹³ In other words, *not once* were Northern and Southern MEPs part of two opposing 'coalitions' that fought over some legislation voting respectively 'yes' and 'no', or vice-versa. Even with regard to several crucial anti-crisis measures, a re-territorialization of voting behaviour has not emerged: as a matter of fact, Northern and Southern MEPs have *always* voted cohesively, and the rest of the MEPs are those who have diverged from this common position.

2.5. Conclusions

This chapter has analysed the positions and the coherence of the EP Party Groups on key economic issues that arose after the economic and financial crisis that hit the EU in 2008. We speculated that the crisis was likely to trigger territorial divides within the Party Groups, particularly between their Northern and Southern members. Because of the different macro-economic and financial perspectives of the North and South, we hypothesized that these differences would be mirrored within the Party Groups. Building on the argument that transnational parties, and a transnational party system, need to be based on socio-economic cleavages that cut across the national borders of the EU Member States (Schmitt and Thomassen, 1999; Bardi *et al.*, 2010), we argued that the crisis, in as far as it may have increased regional differences within the groups, might have endangered the policy coherence of the groups themselves.

We assessed this argument by looking at the 'party in the electorate' (the party supporters) and the 'party in public office' (MEPs). Based on our analysis of data extracted from the Eurobarometer surveys, the EPRG survey of MEPs and roll-call votes, we reached the unexpected conclusion that attitudinal and behavioural differences between the Northern and the Southern members of the EP Party Groups remain small and have not grown after the crisis. In short, a territorial split between Northern and Southern members has not been observed within the Party Groups. Obviously, this does not rule out the possibility that in the electorate at large, and beyond the major Party Groups, stronger differences between the two regions could be traced. Additionally, as the survey data that we used here refer to an early phase of the crisis (2009-10), its dramatic social effects may not yet have fully manifested. Still, even if these last remarks suggest that some caution should be used in the interpretation of our findings, we regard them as encouraging indicators with regard to the prospects of the development of truly transnational EP Party Groups.

13 This is mainly due to English MEPs from ECR and EPP, who are the most inclined to deviate from the party line in order to join their fellow countrymen in forming a 'national alignment' (Cicchi 2013).

3. THE REGULATION AND FUNDING OF POLITICAL PARTIES AT EUROPEAN LEVEL

KEY FINDINGS

- Party rules and regulations have a tendency to promote organizational convergence: this is particularly valid for non-stabilized party systems, such as the EU, where non-institutionalized party organizations exist.
- EU institutions have progressively opted for a more detailed and defined codification of the nature, role and activities of PPEs in the wake of the existing national practices
- The adoption of a common European statute for all PPEs, based on EU law and defining a common legal, organizational and financial status is a fundamental precondition for the creation of a European polis and a common political space.
- The Giannakou Report and the Commission's proposal represent institutional efforts to strengthen the transnational nature of the PPEs and to create deeper ties between them and EU citizens. However, the final regulation adopted seems less keen to promote an effective autonomisation of PPEs.

The regulation of political parties has become a widespread phenomenon throughout Europe. The introduction of party regulation has generally been interpreted as a measure to enhance the quality of democracy. In fact, the need to conform to a set of shared norms and requisites in order to acquire legal status and gain access to public resources (or other kinds of benefits) should favour organizational convergence and deter the emergence and institutionalization of anti-system parties. Insofar as rules and regulations have a tendency to promote organizational convergence among actors that operate within a common functional field, parties will tend to adapt their *organizational profile* to avail themselves of environmental resources¹⁴. This is particularly true in transitional regimes or in non-stabilized party systems, such as the EU, where non-institutionalized party organizations exist.

In Europe, the (eventual) formal codification of parties at the national level has followed different paths, due to the timing and patterns of national democratization processes¹⁵. However, the discipline of party activities and their internal organizations has primarily occurred alongside the introduction of public funding regimes, which must be supported by defined settings of norms and procedures¹⁶. Scholars and practitioners argue that party regulation and funding reflect and affect a modification in the very nature of political parties, as their formal recognition – through constitutional codification, state subventions and party laws – transformed their profiles and roles from private associations into peculiar forms of public utilities¹⁷. This transformation has been interpreted as the by-product of a progressive separation between political parties and civil society and the concomitant penetration of parties into the state¹⁸. No longer the representatives of specific societal pillars or cleavages, parties have become semi-state agencies in charge of producing public

14 Pizzimenti, Bardi *forthcoming*.

15 Van Biezen, Borz 2012.

16 See Van Biezen 2008; Van Biezen, Rashkova 2012.

17 See Van Biezen 2004; 2008; Pizzimenti 2012.

18 Katz, Mair 1995.

goods in their role of decision and policy makers. As the level of public confidence in political parties steadily decreased, the introduction of stricter systems of controls of their performances and behaviour was the other side of the coin for the introduction of state subventions.

The existence of party regulation can thus be conceived as a reliable indicator of a normative modification in the relationships between the state, civil society and political parties¹⁹. However, as has emerged in the specialized literature, depending on what the logic underlying regulations and laws is, the effects on the party-building process and the consolidation of the party system may not be univocal. In fact, while state subventions have proved effective in helping party structuring, other aspects of party regulation may, at the same time, hinder this process. This is particularly true with regard to the limits set for donations and contributions from private actors²⁰. More specifically, the existence of a regulatory framework, *per se*, does not represent a guarantee for the creation and stabilization of party organizations and party systems. Depending on the kind of prescriptions set forth in the regulations and, in particular, on the existing balance between private revenues and State subventions, the final outcome could differ greatly from case to case.

3.1. Party Regulation and Party Funding in the European Countries

3.1.1. A framework for the analysis of party regulation and funding

The specialized literature on party regulation and party funding has not yet come to delineate a comprehensive and widely accepted analytical framework aimed at formulating cross-national generalizations. Many studies have focused on single or regional cases, but only a few make explicit attempts to formulate specific hypotheses on the existing relationships between party organizational change and state regulation/funding²¹. As reported in a recent comparative study by Piccio²², 18 of 28 EU member states have passed a party law: in 23 cases, parties are mentioned or regulated in the national Constitution, while 20 countries have adopted financial laws²³ (see Tab. 1). Although the author maintains that this widespread phenomenon may also be explained as the result of the *normative pressures* that arise from unspecified European governmental and non-governmental organizations – while it seems more likely that this is the result of the opposite tendency, as we will see in the following section – variance in the regulatory frameworks is significant.

19 Bardi et al. 2010.

20 As Booth and Robbins maintain (2010: 634): “in a scenario where there are limits on contributions by private interests, there is a decrease in the cultivation of societal bonds thereby undermining party system institutionalization [...]”.

21 See Katz, Mair 1995; Scarrow 2006; Van Biezen, Kopecky 2007; Van Biezen 2008; Booth, Robbins 2010; Koss 2011; Van Biezen, Rashkova 2012.

22 See Piccio, D. R. (2012). *Party Regulation in Europe: Country Reports*. Working Paper Series on the Legal Regulation of Political Parties, No. 18. Paper available at: <http://www.partylaw.leidenuniv.nl/uploads/wp1812.pdf>

23 In Austria, Cyprus and Hungary party regulation and party funding schemes are coded within a single law.

Table 3.1: Party Regulation and Funding in Europe: the legal framework

Country	Constitution	Party Law	Party Finance Law
Austria	1945	1975	1975
Belgium	NP	NP	1989
Bulgaria	1991	1991	NP
Croatia	1990	1993	2006
Cyprus	1960	2011	2011
Czech Republic	1992	1993	NP
Denmark	NP	NP	1987
Estonia	1992	1994	NP
Finland	1999	1969	1969
France	1958	NP	1988
Germany	1949	1967	NP
Greece	1975	NP	1984
Hungary	1989	1989	1989
Ireland	NP	NP	NP
Italy	1947	NP	1974
Latvia	1991	2006	1995
Lithuania	1992	1990	1999
Luxembourg	2007	NP	1999
Malta	1964	NP	NP
Netherlands	NP	NP	1999
Poland	1992	1990	NP
Portugal	1976	1974	1993
Romania	1991	1996	2003
Slovakia	1992	1993	1992
Slovenia	1991	1994	NP
Spain	1978	1978	1987
Sweden	1974	NP	1972
United Kingdom	NP	1998	2000

Source: Piccio (2012)

In our previous study²⁴, which this report aims to update and refine, we drew a general

24 See Bardi et al. (2010), *How to Create a Transnational Party System*. PE 425.623.

scheme of the various types of party financing in Europe: the different relevance that each type of funding (direct and indirect public funding; plutocratic funding, grass-roots revenues) assumes for different parties was considered to further facilitate our understanding of party organizational development.

In what follows we try to combine funding regimes and party laws/regulations, insofar as they may be considered two sides of the same coin, namely the level of *state intervention* in party politics. With regard to the first dimension, i.e. *party regulation*, we consider the constitutionalization of political parties and the presence/absence of specific laws that regulate political parties. In particular, we will concentrate on the following variables: 1) the eventual procedures for party registration; 2) the eventual provisions on party internal organization and party democracy; 3) the eventual provisions on party programmes; 4) the eventual provisions regarding cases of termination of party activities.

With regard to the second dimension, namely *party funding*, we will analyse these variables: 1) the presence of direct public funding; 2) the presence of indirect public funding; 3) the eventual limits set on private funding; 4) the eventual limits placed on party expenditures. We will integrate this analysis with further observations on the criteria pertaining to party eligibility to receive public funds and the provisions on transparency and publicity.

We then proceed with a descriptive cross-national analysis based on the variables selected using the two aforementioned dimensions. We make reference to our 2010 analysis, and integrate information and data collected and published within the framework of the IDEA project²⁵ and the project, “Party Law in Modern Europe”²⁶.

3.1.2. Party Regulation

Party registration

Party registration is compulsory in 18 countries, in particular in those where a liberal-democratic regime has been established in the last 30 years – with the relevant exceptions of the UK, where the registration is not compulsory but is instrumental to access public facilities, and Ireland. The registration is, in general, a formal recognition of the legal entity and the democratic foundations of the applying parties. It is usually requested that a minimum number of signatures, of citizens or party members (for example in Bulgaria, Croatia, Estonia, Finland, Latvia, Lithuania, the Netherlands etc.), be submitted to the public authority (depending on the case, the Interior Ministry, the Judicial Court, a specific tribunal) as well as specific documentation (such as the party statute, the legal representative of the party, the legal address of its headquarters etc.).

Party organization

Specific provisions on the internal organization of political parties have been established in 16 countries. In this case, the “geography” of the regulation is slightly different when compared to party registration. German party law is very detailed in this respect, and all Central and Eastern European countries – as well as Spain, Portugal and Finland – have passed state regulations regarding the organizational aspects such as the contents of the party charter/statute (Bulgaria, Croatia, Romania, Slovakia, Slovenia); party membership requirements, rights and duties (Estonia, Germany, Latvia, Poland, Portugal, Romania,

²⁵ See <http://www.idea.int/parties/finance/>

²⁶ See <http://www.partylaw.leidenuniv.nl/>

Spain), the composition and powers of internal bodies (Germany, Poland, Portugal, Romania, Slovakia, Slovenia); the frequency of the meetings of the party organs (Germany, Romania); and the resolution of intra-party disputes (Germany, Portugal, Romania).

Table 3.2: Party Regulation in EU Member States

Country	Registration	Organization	Termination	Programme
Austria	NO	NO	NO	NO
Belgium	NO	NO	NO	NO
Bulgaria	YES	YES	YES	YES
Croatia	YES	YES	YES	YES
Cyprus	YES	YES	YES	YES
Czech Republic	YES	YES	YES	YES
Denmark	NO	NO	NO	NO
Estonia	YES	YES	YES	YES
Finland	YES	YES	YES	YES
France	NO	NO	NO	NO
Germany	NO	YES	YES	YES
Greece	NO	NO	NO	NO
Hungary	YES	YES	YES	YES
Ireland	YES	NO	NO	NO
Italy	NO	NO	NO	NO
Latvia	YES	YES	YES	YES
Lithuania	YES	YES	YES	YES
Luxembourg	NO	NO	NO	NO
Malta	NO	NO	NO	NO
Netherlands	YES	NO	NO	NO
Poland	YES	YES	YES	YES
Portugal	YES	YES	YES	YES
Romania	YES	YES	YES	YES
Slovakia	YES	YES	YES	YES
Slovenia	YES	YES	YES	YES
Spain	YES	YES	YES	NO
Sweden	YES	NO	NO	NO
United Kingdom	YES	NO	NO	NO

Source: Re-adapted and integrated from <http://www.idea.int/parties/finance/>

Party programmes

Party political programmes are, in most cases, requested by the public authority as a compulsory document to be attached to the registration form and are intended as a means to demonstrate the adherence of the party to democratic principles. However, in countries like Ireland, the Netherlands, and Sweden, where party registration is compulsory, parties are not obliged to present their political programmes. While this is also true for the UK, the opposite occurs in Germany.

Termination of party activities

The cessation or termination of party activities, as a consequence of a normative act adopted by a public authority (a Court, a specific Party Register office, a Tribunal), is provided for by party regulation in 15 cases, which tend to coincide with those countries wherein party registration is compulsory: party dissolution implies its removal from the register. In general, the provisions on the cessation of party activities also discipline the procedures that govern a party's own decision to dissolve (after merger/reorganization). The case of Finland is particular in that parties are removed from the Register if they do not obtain parliamentary representation in two consecutive national elections; and in Romania, party inactivity is considered a cause for dissolution.

3.1.3. Party Funding

Direct public funding

Direct public funding consists in state funds to support party operational activities and/or electoral reimbursements. In many cases, state support is assigned also to parliamentary groups (in general in proportion to the votes won at the last parliamentary elections by each party, as well as an equal quota to each group). While only Malta does not provide parties with direct state subventions (see Tab. 3), in 16 cases direct funds are earmarked for specific objectives, like the reimbursement of electoral campaigning, public advertising, the costs of ordinary party activities, and organizational expenses. As reported in the 2010 OPPR study, the funding schemes adopted by Western European countries tend to be rather homogeneous. Public grants are generally provided on the basis of *parliamentary* or *electoral* criteria or, as in most cases, a mixed formula.

Public funds are assigned on a purely *parliamentary* basis in proportion to the number of seats won, usually in the last parliamentary elections, in Belgium (where parties also benefit from a fixed sum for each vote obtained), Finland, the Netherlands, Spain, and the UK. *Electoral* criteria guarantee the allocation of direct funds also to those parties that have failed to gain parliamentary representation, in the event they have passed a specific electoral threshold (ex. Bulgaria, the Czech Republic, Germany, Hungary, Ireland, Italy, Latvia, Lithuania, Luxembourg, Romania, Slovenia, Sweden); if they presented lists in a certain number of electoral districts (Cyprus, Greece) or obtained a specified number of votes (Denmark). Mixed parliamentary-electoral formulas to access public funding are adopted in Austria, Croatia, Estonia, Poland, Portugal, and Slovakia (wherein parties obtain contributions for votes, for their activity, and for seats – see Piccio 2012).

The only unifying characteristic of almost all public funding schemes is their reliance on party-oriented, rather than candidate-oriented norms. In this regard, the case of France is quite peculiar, as public funds are granted to parties whose candidates secured at least 1% of the vote in at least 50 constituencies: in addition, a quota of the direct funds assigned to parties depends on the number of MPs who declare their affiliation to one party.

Table 3.3: Party Funding in EU Member States

Country	Dir. Funding	Indir. Funding	Limits Priv.	Limits Party
Austria	YES	YES	NO	NO
Belgium	YES	YES	YES	YES
Bulgaria	YES	YES	YES	YES
Croatia	YES	YES	YES	NO
Cyprus	YES	YES	YES	NO
Czech Republic	YES	YES	YES	NO
Denmark	YES	YES	NO	NO
Estonia	YES	YES	YES	NO
Finland	YES	YES	NO	NO
France	YES	YES	YES	YES
Germany	YES	YES	YES	NO
Greece	YES	YES	YES	YES
Hungary	YES	YES	YES	YES
Ireland	YES	YES	YES	NO
Italy	YES	YES	YES	YES
Latvia	YES	YES	YES	YES
Lithuania	YES	YES	YES	YES
Luxembourg	YES	YES	YES	NO
Malta	NO	YES	YES	NO
Netherlands	YES	YES	NO	NO
Poland	YES	YES	YES	YES
Portugal	YES	YES	YES	YES
Romania	YES	YES	YES	YES
Slovakia	YES	YES	YES	YES
Slovenia	YES	YES	YES	YES
Spain	YES	YES	YES	YES
Sweden	YES	YES	NO	NO
United Kingdom	YES	YES	YES	YES

Source: Re-adapted and integrated from <http://www.idea.int/parties/finance/>

Indirect public funding

The most diffuse forms of indirect funds consist in subsidies in kind, i.e. non-monetary services that states provide to parties (for electoral material, electoral officers, polling station facilities) and/or governmental licenses, such as those for free broadcasting and media access (Bardi et al. 2010). Also certain types of earmarked funds are considered indirect funding to political parties: this is the case for money transfers to the affiliated associations of parties or to reserve activities, such as party press. Public incentives are a third kind of funding and usually consist in norms on tax deductibility (for parties and for donors), systems of tax exemptions, tax credit or tax check-off: in general, public incentives are limited by the law.

All EU countries grant indirect public funding to political parties. In most cases it consists in free broadcasting time during election campaigns and also tax benefits (especially tax deductions for donations). Other kinds of services provided by the public authority may consist in: the coverage of expenses for transportation to and from polling stations (Sweden; Italy); the offer of free space for party posters during campaign periods (especially at the local level: Belgium, France, Germany, Italy, the Netherlands, Spain); reduced postal rates (Belgium, Italy, Sweden, Spain, Ireland, UK); the free use of public halls (Britain, France, Spain, Italy); reduced rates for the use of public places, public advertisement, billboards (Italy); organizing lotteries (Italy, Sweden); and preferential treatment in terms of party premises (Italy, Romania, Sweden). An additional type of indirect party funding – adopted also by the EU (EC 2004/2003) – consists in public financing of institutes affiliated with parties for goal-oriented purposes, such as research, training, youth (Germany; Austria; the Netherlands until 1999); or the funding of specific activities that are generally aimed at reinforcing political participation (Austria, Poland, Italy). Usually, however, these *earmarked funds* cannot be spent for electoral activities.

Private funding

Political parties are financed also through private funding, i.e. voluntary contributions such as membership fees, fund-raising events, foreign donations, contributions of interested money, returns on investments, small-private donations, profits on party-owned business (Bardi et al. 2010). Due to the original voluntary and private nature of political parties, states have tended to avoid the strict regulation of such resources: however, in so much as political parties have become “public entities”, specific limits have been progressively introduced to regulate private funding. Partly different is the case of post-Communist countries, wherein the introduction of a detailed and comprehensive state regulation, also in the sphere of private funding, was considered conducive to stabilizing the newly established party systems and to prevent political corruption. Unsurprisingly, then, all of the Central and Eastern countries that were part of the ex-Soviet bloc have adopted regulations that set the limits on private funding: in absolute terms, only 5 Member States (Austria, Denmark, Finland, the Netherlands and Sweden) do not present such provisions.

In most cases, such limits consist in ceilings or bans on private donations that come from natural and legal persons as well as corporations or semi-public organizations. Foreign and often anonymous donations are banned (Bulgaria, Croatia, Czech Republic, France, Germany, Greece, Ireland, Latvia, Malta, Slovakia, Slovenia, Spain) or limited (Hungary, Lithuania, UK). In Estonia, Luxembourg and Portugal the law prohibits donations from legal persons. In general, obligations for the public disclosure of a donor's identity, through the creation of specific registers, have been introduced (also in the Danish case).

Limits to party expenditures

Limits to party expenditures have been instituted to avoid excessive disparity in the political competition. Consolidated parties, with a well-established organizational profile, a longstanding tradition within the representative institutions, and deep ties with civil society are expected to be wealthier than “new comers”: this initial advantage could turn into self-reinforcing tendencies that prevent the entrance and institutionalization of new political actors. At the EU level, approximately half of the Member States have regulative profiles that establish specific limits for party expenditures. Limits are often related to election campaigns – although ceilings may be introduced also for the parties' ordinary activities – and are applicable to both parties and candidates.

3.2. Party regulation and funding at EU level

3.2.1. The shortcomings of Regulation (EC) No 2004/2003

The introduction of State subventions and regulatory schemes of party activities and organizations is commonly cited as a factor that is conducive to party and party system institutionalization²⁷, in particular in post-transitional countries. Of course, a number of other preconditions occur to favour these intertwined processes²⁸. However, we limit our analysis here to the incidence of party regulation and funding regimes, which seem to be the most relevant vectors for the institutionalization of Political Parties at European Level (PPELs).

At the European level, parties are still in the very early stages of development²⁹. Thus, the introduction of a funding scheme, in 2003, was considered to be very important in the promotion of transnational convergence and hence transnational party and party system building (Bardi et al. 2010). The legal basis of the rules for funding PPELs is found in Article 191 of the Treaty establishing the European Community and further regulations. In particular, since Regulation (EC) No 2004/2003 was adopted, PPELs have begun to receive both direct and indirect funding from the general EP budget. The regulation of party funding was partially amended in 2007 (Regulation No 1524).

To be qualified as a “Political Party at European level” and, thus, to have the possibility to apply for funding, a party must: 1) have legal personality in the Member State in which its seat is located; 2) be represented, in at least ¼ of the Member States, by Members of the EP (or in the national or regional Parliaments or regional assemblies); or it must have received (at least in ¼ of the Member States) at least 3% of the votes cast in each of those Member States at the most recent EP elections; 3) observe, in its program and activities, the founding principles of the EU (liberty, democracy, respect for human rights and fundamental freedom, the rule of law); 4) have participated in elections to the European Parliament, or have expressed the intention to do so.

The main purpose of the so-called Statute for European Political Parties was to improve the integration process at the political level, by favouring the consolidation of political actors operating at the European level. However, as reported in the aforementioned study carried out by the Observatory on Political Parties and Representation, the Statute presented a number of structural shortcomings.

First, the active role played by national parties in promoting the adoption of the Statute has been interpreted as part of a broader cartelization strategy to access public funding and its

27 See Koss 2011; Bardi et al. 2010; Booth, Robbins 2010; Pizzimenti, Bardi *forthcoming*.

28 Casal Bértoa 2011.

29 Bardi, Calossi 2009.

extension to the EU level. In fact, the Statute was little more than a series of norms created to regulate the public funding of PPELs.

Second, the generally positive picture provided by the Statute was counterbalanced by two provisions, one contained directly in the statute, and the other in its implementation rules, which keep the PPELs in a subordinate position with respect to their national components and to the EP Party Groups. In fact, the latter have been put directly in charge of supervising the management of the funds for party financing. Furthermore, the provision of the statute that conditions the allocation of public funds on 25 percent co-financing from other sources made national parties, above all the stronger and richer ones, decisive in constituting and maintaining PPELs. These resources can only be found at the national level, either directly through contributions from member parties – up to a ceiling of 40 per cent of the total, and in any case more than the amount needed for co-financing – or through the party's contacts in society and in the economic sphere.

However, the biggest shortcoming of the Statute was that it did not address the issue of how to effectively link PPELs, and through them the EU political system, to European citizens and their society, beyond the general statement that such linkage is the main reason for their existence. In theory, this function is still performed exclusively through the national parties, who therefore remain the principal gatekeepers of EU level representation. The OPPR study concluded that demands from supranational party components to strengthen party organizations at the European level seem to have been conditionally accepted by national parties, who in turn appear for the time being more interested in the organizational opportunities the Statute has afforded them than in the improvements it can produce for European democracy.

3.2.2. The reform of the Statute: the Giannakou Report

Over the past three years, an animated debate on the need to reform the regulation governing PPELs and the rules regarding their funding has flourished, at least (and unsurprisingly) at the institutional level. In particular, the European Parliament has requested that the Commission propose a new draft statute for PPELs, drawing on the strengths and the weakness of the existing set of norms and procedures regulating their functions and funding.

The “Report on the application of Regulation (EC) No 2004/2003”³⁰, adopted by the Committee on Constitutional Affairs on 15.03.2011 and better-known as the “Giannakou Report”, represents the first comprehensive document to call for significant changes in the overall architecture of PPEL regulation. In particular, the premise of the Report relies on the recognition of the need for the link between PPELs and European citizens to be strengthened, as a necessary pre-condition for the creation of an authentic European (public) space and as a vector to promote a transnational party system.

According to the 2007 amending Regulation, the Report confirms that the increased role of PPELs within the institutional architecture of the EU necessitates their “organizational convergence” by establishing a new set of *formal institutional regimes*, i.e. “adopting a uniform and common European statute for all European political parties and their political foundations based on the law of the European Union” that defines a common political, legal

30 See Committee on Constitutional Affairs (2011), *Report on the application of Regulation (EC) No 2004/2003 on the regulations governing political parties at European level and the rules regarding their funding (2010/2201(INI))*.

and fiscal status.

As mentioned above, the previous study conducted by the OPRP underlined that the adopted Statute focused almost exclusively on the funding of PPEs: no clear distinction was drawn between the recognition and the funding of PPEs. Indeed, *that* specific formal institutional regime did not favour the organizational institutionalization of PPEs nor their supposed role in creating a European polis. They are still “merely umbrella organizations for national parties” (and their cartelization strategies) and they are perceived by citizens to be distant from their political reality.

The normative view underlying the rationale of the Giannakou Report is in line with the modification of the nature and role of political parties, as described in Par. 2.2: “political parties have rights, obligations and responsibilities [and] should therefore follow converging general organizational patterns”. This implies there ought to be the introduction of a more defined set of norms and provisions, based directly on EU law, that go beyond those expressed in the existing Statute.

Thus, the new regulation has a twofold objective: on the one hand, it promotes party organizational convergence and institutionalization; on the other, reference to the law of the European Union is implicitly considered a necessary condition to pursue the European public interest, which seems to be identified with the legal framework of the EU. In both cases, a top-down and institutionally-driven approach to the PPEs organizational-building, functions and activities emerges.

The Report indicates a list of guidelines to be followed by the Commission in formulating the new draft that are to be integrated with the existing regulation. We group these general provisions and requirements into four categories: 1) legal; 2) organizational; 3) electoral; and 4) financial.

Legal provisions for the recognition of PPEs are the criteria advanced by the rapporteur that entitle national or regional parties (only in the case of regional parliaments/assemblies endowed with legislative powers) to institute a PPE. Moreover, recognition is tied to the presence of at least one MEP – affiliated to a PPE – in the EP.

In *organizational* terms, the fundamental precondition is that parties must fully respect internal democratic procedures with regard to the composition and the formation of party organs. In addition, to consolidate the relationship between citizens and PPE organizations, the latter are requested to consider the possibility of direct individual membership as well as the direct/indirect participation of individuals in intra-organizational party life.

The Report confirms the strictly “European” vocation of PPEs: the *electoral* requirements dictate that they should be allowed to participate in national referenda “only on the issues that are strongly linked to the European Union”. In addition, the new Statute of the PPEs might help the adoption of a transnational list of MEPs to be elected, as was already suggested in the Duff report and supported by specialized studies.

In line with the original imprinting of the Reg. 2004/2003, the reform of the *financial* regime lies at the heart of the Report. The Commission is expected to introduce a new title in the Financial Regulation that is specifically dedicated to PPEs and foundations, as for the reason that the existing set of procedures for the award of funding and the closure of the accounts are either too bureaucratic or inadequate (in particular the submission of annual

work programmes as a precondition for funding or the availability of the 80% per cent of funds at the beginning of the financial year). At the same time, the Report requests that the Commission to provide a stricter framework of sanctions (financial penalties) to enhance the transparency of private fund-raising actions as well as to avoid infringements with regard to the use of public funds. The combination of private and public funding is considered conducive to party organizational institutionalization. The measure that would raise the EUR 12,000 per year limit on donations to EUR 25,000 (per year, per donor) – which aims to favour stronger ties between PPELs and EU citizens and to guarantee the transparency of operations – is in accordance with most of the national laws on party funding of Member States.

At the same time, to help new or smaller parties to institutionalize, the Regulation should not prohibit (as it presently does) the parties from financing the entire operating expenditure of their beneficiary body and should reduce the amount of the independent resources they are requested to demonstrate to 10 per cent of their total budget.

3.2.3. The proposal of the Commission

During 2012, the European Commission conducted an in-depth analysis of the financing and regulatory scheme governing PPELs, following the adoption of the Giannakou Report. In September 2012, a proposal “on the statute and funding of political parties and European political foundations”³¹ was presented, drawing. It drew on the shared view that “European political parties and foundations have an important role to play to reinforce and foster representative democracy at EU level, and bridge the divide between EU politics and the Union's citizens”³².

The measures advanced by the Commission consist of two different proposals: the first is intended to replace the Reg. (EC) 2004/2003, in order to increase the visibility, recognition, effectiveness, transparency and accountability of the PPELs (and foundations); the other would amend the Financial Regulation. Henceforth we will discuss the first. This proposal was the result of a consultative process between the Commission and a number of institutional and non-institutional actors, among which the representatives of the PPELs. Their contribution was particularly helpful in identifying the difficulties they encounter in their day-by-day activities.

In the following section we analyse the proposal of the Commission using the analytical framework we outlined in Section 2 to describe party regulation and funding regimes adopted by the Member States.

Party registration

The new definition of “European Political Party” introduces the concept of “registration”, i.e. the formal recognition of the party in accordance with the conditions and procedures set out by the Regulation. The registration is a fundamental requisite in order to be able to apply for EU funding, as it implies the party in question respects the values upon which the EU is founded as well as “the commitment to and respect for high standards of internal party democracy”.

Although it aims to define a common legal status for the PPELs, through the introduction of a European Registry, the proposal complies with the principle of proportionality: for matters

31 See *Proposal for a Regulation of the European Parliament and of the Council on the statute and funding of European political parties and European political foundations*. COM(2012) 499 final, 2012/0237 (COD).

32 *Ibidem*, p. 3.

that are not or only partly regulated by the new regulation, the European political parties and foundations would continue to be governed by national laws (those of the Member States in which they have their respective seat).

According to the Reg. 2004/2003, in order to be registered as a PPEL, a political alliance³³ must comply with a number of pre-conditions and requirements. The *European legal statute* establishes the possibility to register as a Political Party at European Level and therefore to obtain a legal status based on EU law succeeding any pre-existing national legal personality. Moreover, the presence in the European Parliament of at least one member of the applying PPEL is a *conditio sine qua non* to register. An eligible party must be represented, in at least ¼ of the Member States, by Members of the EP or in the national Parliaments or, regional Parliaments/Assemblies. It must have received, in at least ¼ of the Member States, at least 3% of votes cast in each of those Member States at the elections to the EP. Another criterion relates to the European political dimension: aspiring parties must have participated in elections to the EP or have expressed the intention to participate in the upcoming elections. In addition, parties must observe in their programme/activities the values upon which the EU is founded.

Compliance with the conditions and requirements laid out in the regulation is verified annually by the EP. This may also occur when requested by ¼ of its EP members and when at least three political groups are represented. The final decision, voted by a majority of the members of the EP, in preceded by a hearing of the representatives of the PPEL concerned and by an opinion formulated by a committee of three independent personalities appointed, respectively, by the EP, the Council and the Commission (art. 7.2). If any of the conditions/and/or requirements are no longer satisfied, the PPEL shall forfeit or give up its legal status and cease to have European legal personality.

Party organization

To be recognized as a PPEL and thus enter be placed on the Register, a party must comply with a number of specific organizational requirements. The statutes of a PPEL shall regulate a minimum of administrative and legal provisions and administrative aspects. The most notable are the following: its legal seat (which must be located in one of the Member States) and the bodies/natural persons entitled to legally represent the party; the intra-party distribution of competences among executive and representative organs; the rights and duties of its members and an annexed list of members; the internal chain of democratic delegation and the modalities of the decision-making processes, including the voting procedures; the administrative and financial profile of the party, with detailed provisions on transparency, accountability and publicity.

Party programme

The application to register as a PPEL is to be accompanied by a list of specific documents, among which the written political programme of the party.

Termination of party activities

The proposal advanced by the Commission regulates also the instances in which a PPEL forfeits or gives up its status and ceases to have European legal personality. This could happen after a party makes the decision to end its activity or decides to convert it into a legal entity recognized by the law of a Member State. Once the PPEL makes this decision, it

³³ The definition of “political alliance” instituted by the new regulation (Art. 2) is the following: “a political alliance means structured cooperation between political parties and/or natural persons from different Member States”.

is removed from the Registry and loses its European legal status if it no longer meets the requirements laid out in the Regulation.

Party direct funding

The European Parliament allocates direct funds to eligible PPELs. Each member of the European Parliament shall be considered as a member of only one PPEL, the one to which his or her national or regional political party is affiliated. To avoid (at least apparently) the absolute dominance of public funds over other kinds of revenue, the financial contributions from the general budget of the European Union shall not exceed 90 per cent of the annual reimbursable expenditure of a PPEL: however, this upper limit roughly covers approximately the entire budget of a PPEL. Contributions are distributed as follows: 15 per cent shall be distributed in equal shares, 85 per cent shall be distributed among the beneficiary parties in proportion to their respective share of elected and affiliated members of the European Parliament.

Party indirect funding

Given the existing funding schemes at the national level, the new separate Title in the Financial Regulation is expected to be more flexible with respect to the working methods and activities of the PPELs, in that it should enable PPELs to build up their reserves using their own resources and to generate their own funds by raising the level of donations permitted per year and per donor. Many Member States grant beneficial tax treatment to both the beneficiary and the donor, when donations are made to domestic political parties. Given the need to encourage the autonomous development of a party's own resources, a beneficial tax treatment is granted to PPELs (in accordance with the fiscal treatment applied in the Member State where in which the party has its legal seat) and their donors (in accordance with the fiscal treatment applied in the Member State where in which the donor is resident for tax purposes).

Limits to private funding

The kinds of limits on private funding set out by Reg. 2004/2003 were considered a crucial shortcoming of the Regulation itself. The proposal of the Commission is intended to improve party transparency, accountability and responsibility: thus certain types of donations and contributions to PPELs are prohibited or subject to limitations and reinforced transparency requirements. The new Regulation, in particular, imposes obligations of public disclosure of a donor's identity and delimits specific upper ceilings. PPELs may accept donations from natural or legal persons of up to a value of EUR 25,000 per year and per donor. The fees paid to PPEL members are not to exceed 40 per cent of the annual budget. Similar to most of the national restrictions, the specific limitations apply to: (a) anonymous donations or contributions, (b) donations from any undertaking over which the public authorities "may exercise directly or indirectly a dominant influence by virtue of their ownership of it, their financial participation therein, or the rules which govern it"; (c) donations from any public authority from a third country. In addition, (d) PPELs cannot accept donations from the budgets of political groups in the EP.

Limits to party expenditures

Limits to party expenditures are specifically introduced in order to prevent the "nationalization" of the European contributions. PPELs are forbidden to finance, directly or indirectly, European or national political parties or candidates. Moreover, European political parties and their affiliated European political foundations should not finance national referenda campaigns.

3.2.4. The final draft of the new regulation

In the early months of 2014 the EP and the Council of the European Union adopted the final draft of the new regulation on the statute and funding of PPELs and PFELs. The regulation introduced significant changes, compared to the EC's proposal. In particular, the creation of an independent Authority, an *ad hoc* organ³⁴ intended to supervise the registration, control and sanctions of PPELs and PFELs, also regarding their funding and expenditure. The Authority is represented by a Director, appointed jointly by the EP, the Council and the EC (the three main actors in the decision-making process concerning the registration/de-registration of the PPELs). Candidates to this post shall not be members of the EP nor of any national parliament, and shall not be current or former employees of a PPEL. The EP will host physically the Authority, providing it with offices and administrative support.

The Authority is in charge of establishing and managing the PPEL Register. *Registration* is compulsory for parties that want to obtain European legal status and be provided with legal capacity and recognition in all the Member States in order to receive public funding. PPELs should respect the values on which the EU is founded. In case of manifest breach, PPELs can be made subject to a procedure of de-registration, which implies loss of European legal status.

The regulation gives PPELs strong incentives to acquire a European legal personality. The European character of PPELs is reinforced by the fact that the Authority, upon request from a Member State, is entitled to remove from the Register a party that has failed to respect national legislation. In general, the whole regulation aims at harmonising cooperation between EU institutions and the Member States' authorities, to ensure effective and efficient control of obligations stemming from applicable European and national law. The conditions set for the registration of a PPEL are close to those described in the section 3.2.3. However, the registration is allowed also if: a) a PPEL is represented in at least ¼ of the Member States by Members of the EP, of national Parliaments or of regional Parliaments/Assemblies; b) its member parties have received, in at least ¼ of the Member States, at least 3% of votes in EP elections.

The regulation of party statutes is subject to the discipline of EU law and of the national law of the country where a PPEL has established its seat. Minor changes are introduced on the governance of PPELs: their statutes shall specify, in detail, their administrative and financial organization and procedures as well as the internal procedure regulating their voluntary dissolution. The Member State in which a PPEL is registered may impose additional requirements to its statute. The list of the member parties of a PPEL must be annexed to the statute, which shall regulate powers, responsibilities and composition of the governing bodies as well as all the criteria set for the appointment/dismissal of candidates to internal posts.

With regard to the funding of PPELs, the role of the EP – through the dedicated Authorising Officer – is strengthened. While the award criteria and the distribution of direct funding remain the same, the new regulation lowers to 85% the upper limit of the annual reimbursable expenditure covered by the contributions of the EU, which are ear-marked to specific goals (administrative costs, technical assistance, meetings etc.). The new regulation focuses in particular on private funding. It specifies more in detail the meaning of "donation" (up to a value of EUR 18 000 per year per donor, a figure lower than in the past), the discipline set for the contributions from members, and modifies the regime of

³⁴ The Authority is a body of the Union within the meaning of Article 263 TFEU. The Authority is assisted by a Committee of independent eminent persons for decisions related to respect, by PPELs, for the values on which the EU is founded.

public disclosure of donors³⁵. In general, the overall regime of private funding looks more restrictive, whereas the prohibition of funding of national parties or candidates is explicitly reinforced.

3.3. Conclusions

The introduction of public funding schemes and regulation of political parties in Europe has been considered useful means to favour party and party system institutionalization. The formal recognition of the role of political parties as producers of public goods has progressively modified the original private nature of their organizations, by turning them into a unique form of public utilities: as parties are granted access to (either direct and/or indirect) public funding, they are subject to laws and regulation by the state.

National funding schemes and regulations have represented the main reference point for the EP and the EC in their efforts to reinforce the nature and role of PPELs and to create a transnational party system at EU level. In this sense, the “iron law of Europeanization” based on the (supposedly one-way) normative pressures issued from Brussels does not seem to be confirmed. On the contrary, given the existing national practices – in particular those of the most recently democratized Member States – EU institutions have progressively opted for a more detailed and defined codification of the nature, role and activities of PPELs.

Regulation 2004/2003 has been considered likely to be very important to improve the integration process on the political side, by promoting the organizational convergence and hence the development of transnational parties and party system building. However, this Regulation was little more than a series of norms to regulate PPEL funding and its greatest shortcoming lays in the fact that it did not address the issue of how to effectively link PPELs (and the EU political system) to European citizens. It comes as no surprise that ten years after the adoption of Reg. 2004/2003, PPELs are still in a very early stage of organizational development and a truly European transnational party system is far from being institutionalized.

The main objective of the Giannakou Report adopted by the AFCO in 2011 was to move forward the process of political transnationalization at the EU level, through the introduction of a more defined set of norms and provisions the aim of which is to favour the organizational convergence of PPELs. The adoption of a common European legal personality and of a uniform European statute for all European political parties, based on EU law that defines a shared legal, organizational and financial status is a fundamental precondition for the creation of a European *polis* and a common political space. From this perspective, the PPELs shall respect a common set of principles, democratic rules, and organizational requisites to obtain European legal status through the registration in the European Register.

The final regulation, based on the Giannakou Report and revised by the EC, was adopted by the EP and the Council. It focuses on the centrality of the European legal status and the European legal personality, which are considered key pre-conditions to enhance the European character of PPELs. However, compared to the Giannakou report, the new regulation seems less keen to promote an effective autonomization of PPELs. Also the

³⁵ To balance the right to the protection of the personal data, on the one hand, and the public transparency of the funding scheme, on the other, the obligation to publish the identity of natural persons should not apply to donations equal or below 1 500 EUR per year and per donor, as well as for donations between 1 500 and 3 000 EUR unless prior written consent to the publication has been expressed by the donor.

funding regime imposes stricter limits, in particular on private funding.

Although the adoption of regulatory frameworks and funding schemes, *per se*, does not represent a guarantee for the creation and stabilization of party organizations and party systems, national experiences have shown that the introduction of such institutional regimes may help the process. In general the creation of a transnational party system at EU level can be favoured by the new regulation. However PPEL funding will continue to come from the EP budget whereas a solution that would make the PPELs less dependent on the EP party groups would have been more effective in strengthening PPELs as transnational organisations.

4. POLITICAL FOUNDATIONS AT EUROPEAN LEVEL

KEY FINDINGS

- PFELs could potentially play a role in strengthening the policy-seeking capacities of PPELs, thus contributing to the development of a transnational party system.
- The degree of closeness between PFELs and PPELs varies.
- Although they operate in the same legal and institutional environment, different PFELs have set different goals and priorities for themselves.
- Most activities of PFELs can be classified under the production of publications and the organization of events.
- The amount of activities carried out by the PFELs is directly related to the size of the PFEL and their relative access to financial resources.

A Political Foundation at European level (PFEL) is defined in the consolidated version of Regulation 2004/2003 as “an entity or network of entities which has legal personality in a Member State, is affiliated with a political party at European level, and which through its activities, within the aims and fundamental values pursued by the European Union, underpins and complements the objectives of the political party at European level”. Today there are 13 PFELs that represent various political traditions, opinions on European integration, and priorities and strategies for action.³⁶ This report aims to interpret and assess their development.

Although the literature devoted to PFELs is still in progress, two differing approaches have already emerged. Dakowska (2009) primarily sees PFELs as “a means to attain legitimacy and access to EU institutions”, or as a part of European civil society. Gagatek and Van Hecke (2011; 2013; 2014), on the other hand, emphasize the role of PFELs in complementing the activities of political parties at European level (PPELs). Given that this report is concerned with the prospects for the development of a transnational party system, our primary focus is to present the relationship between PFELs and PPELs. Indeed, the *raison d'être* of the PFELs is to complement and enrich the work of PPELs, and by surveying the activities of PFELs, this chapter will address the question as to how precisely this is carried out.

Gagatek and Van Hecke (2011) provide several ideas as to why the nature and shape of the connection between PPELs and PFELs could potentially be important for the development of a transnational party system. As we discussed in Bardi et al. (2010), a functioning party system requires a set of structured relationships between the parties that is based on competition for political office. Leaving aside for the moment the question of political office and the means of political competition, political parties must develop a programmatic basis upon which to fuel such competition. Prior to the establishment of PFELs, and in sharp contrast with the political groups in the European Parliament, Europarties lacked the personal and material resources to closely follow the short-term and medium-term EU policy process (Van Hecke 2010). As Gagatek and Van Hecke (2011) argue, the establishment of PFEL provided Europarties with an opportunity to fill this gap, to acquire a source of new ideas, to become more policy-oriented, or – how it is usually

³⁶ The most recent data concerning the list of PFELs, their affiliation to PPELs and the amount of subsidies they receive can be found on the website of the European Parliament:
<http://www.europarl.europa.eu/aboutparliament/en/00264f77f5/Grants-to-political-parties-and-foundations.html>.

referred to in the literature – to focus on policy-seeking goals (Strom 1990). Yet, even if we leave this policy-seeking perspective to focus on the role of PFELs in building a European public sphere (Dakowska 2011), the idea, from the beginning, amongst policy-makers was that PFELs should help build a *politicized* public sphere, based on different political views presented by different political parties. In the words of Margot Wallström, who as Commissioner for Inter-institutional Relations and Communication Strategy piloted the legislative proposal that aimed to create PFELs, “the activities of European political parties, together with the creation of PFELs, is part and parcel of building this real European public sphere, where different opinions can challenge each other and the citizens can better understand the challenges at stake and make informed choices” (European Parliament 2007).

However, what PFELs theoretically can do and what they do in practice is quite different. For this reason, we believe that knowledge regarding PFELs must be enriched by as much empirical evidence as possible, and this is why we will concentrate here on the actual work of PFELs, limiting ourselves to discuss only essential elements in other areas. In completing this part of the report, we have used three primary sources: the academic literature, the results of a conference jointly organized by OPPR and AFCO in February 2013 (henceforth “Conference 2013”) – which brought together the representatives of a large majority of PFELs – the official websites of the PFELs and the survey we distributed to PFELs in January 2014 (henceforth “Survey 2014”).³⁷

4.1. Organization and funding

Who controls the activities, organization and funding of PFELs? This question seems to be crucial for gaining a better understanding of the overall role of PFELs. In order to address this issue, legal status and the internal decision-making system within PFELs must be briefly examined. Subsequently, we will discuss the question of membership and funding.

4.1.1. Allocation of authority

From a formal perspective, the allocation of authority must be sought out in the relevant legislation that governs the activities of the PFELs. On the one hand, the amended Regulation 2004/2003 provides a set of general rules concerning the aims, organization, and funding of PFELs, whereas the national legislation of the country in which a PFEL has its seat as a legal person supplies specific rules regarding how it should be governed and financed. At the moment of writing, there are 13 PFELs, four of which are based outside Belgium. This means that the majority of PFELs are constituted as International Non Profit Associations (AISBL) and based in Belgian law. Although the Belgian legislation provides some rules about what organs must be created, no uniform requirements as to how precisely these bodies should operate are specified.

Consequently, we must review more practical arrangements. Gagatsek and Van Hecke (2013, 2014) argue that despite the fact that they operate in the same legal environment, the PFELs have placed their respective centres of power differently, at least from the point

³⁷ Of the 12 PFELs to which we sent our survey, we received responses from all but three: the European Foundation for Freedom (funded by the EP since 2011, and affiliated to the European Alliance for Freedom), the Organization for European Interstate Cooperation (funded by the EP since 2011, and affiliated to the EU Democrats) and the Foundation for a Europe of Liberties and Democracies (funded by the EP since 2012 and affiliated to the Movement for a Europe of Liberties and Democracy). We did not send our survey to the newest PFEL Identités Traditions Européennes (funded by the EP since 2013 and affiliated to European Alliance of National Movements), as it does not even have a website as of yet. We sent numerous emails and reminders to maximize the response rate.

of view of the content of their statutes. Overall, two general models (with one exception) can be identified. In the case of the two largest foundations, CES and FEPS, the influence of the respective PPEL and national political foundations is roughly the same, wherein the PPELs have, perhaps, a slight advantage. This can be clearly observed by analysing the composition and voting rights within the internal organs of PFELs. For example, in the Bureau of FEPS, which is composed of 20 members, six represent national political foundations and think tanks, whereas seven are *ex-officio* members that represent the PES, its political group in the EP. A similar system has been established for the General Assembly. Gagatek and Van Hecke provide evidence that this was a conscious choice on the part of the PES, which wanted to ensure that the FEPS agenda would be complementary to that of the PES. On the other hand, FEPS itself emphasizes that it is “close but independent” from the PES. A comparable arrangement is visible in the CES; the important difference is that until very recently the EPP President, the late Wilfried Martens, was also the President of CES, and EPP Secretary General Antonio Lopez Isturiz was (and still is) the Treasurer of CES.

However, another model, typical of most other foundations, exists in which the influence of the partisan element is much less visible (Gagatek and Van Hecke 2014), although nonetheless present. For example, one of the ELF Vice-Presidents is the *ex officio* President of ALDE. An interesting case regards Transform Europe! This last was established in 2001, prior to the adoption of the legal framework of PFELs, and only in 2006 was it recognized by the Party of the European Left (PEL) as its official political foundation. Their statutes are silent regarding the PEL, and the representatives of this last are invited to the General Assembly of Transform Europe! only as guests (Gagatek and Van Hecke 2013).

The only exception to the general trends described above concerns the Institute of European Democrats (IED) – affiliated to the European Democratic Party – which seems to be the most politically oriented PFEL. The IED places itself directly in the centre of political fights. Its leaders argue that IED’s business is politics, not research at the service of MEPs affiliated to the EDP.

4.1.2. Membership

It comes as no surprise, therefore, that PFELs aim to create and then coordinate a network of partners from several EU Member States. However, it is less obvious whom they ought to accept as members. From this point of view, they face a two-pronged dilemma. First, should they only accept national political foundations and think tanks with clear links to their respective national political parties, or they should be more flexible? The first model is characteristic for the largest PFEL, namely the Centre for European Studies (CES), which is affiliated to the European People’s Party (EPP). CES has 26 national member foundations, all of which must have obtained official recognition from one of the EPP member parties. However, although the EPP has 50 member parties in the EU, not all of them have their own official political foundations, thus explaining why CES has only 26 members. The majority of the other foundations are more flexible and allow for the membership of anybody who is ideologically or politically close to them, without the need to have connections to national political parties. In some cases, this ideological proximity is measured by the future’s member’s acceptance of a basic programmatic document of the affiliated PPEL. For example, this is the case with ELF and the European Christian Political Foundation (see Gagatek and Van Hecke 2013).

The second dilemma concerns whether this network should be composed only of national political foundations and think tanks or also of national political parties. In this case, there is much more variety than above. Some foundations (such as CES, ELF and a few others)

limit their memberships to national political foundations; others (such as FEPS) allow national political foundations, parties, and other politically-related organizations to become members; lastly, there are PFELs, such as the Institute of European Democrats (IED), affiliated to the European Democratic Party (EDP), that were created by and bring together only national political parties and one individual MEP. This important factor strongly influences the allocation of authority within PFELs the kind of the activities of PFELs.

The geographical scope of action of a PFEL is defined by a list of partners of their affiliated PPEL. Given that many PPELs maintain links with countries outside the EU, so do the PFELs. On the other hand, the smaller PPELs do not have partners in every EU Member State, and this could mean that PFELs are not present in those same Member States either.

4.1.3. Funding

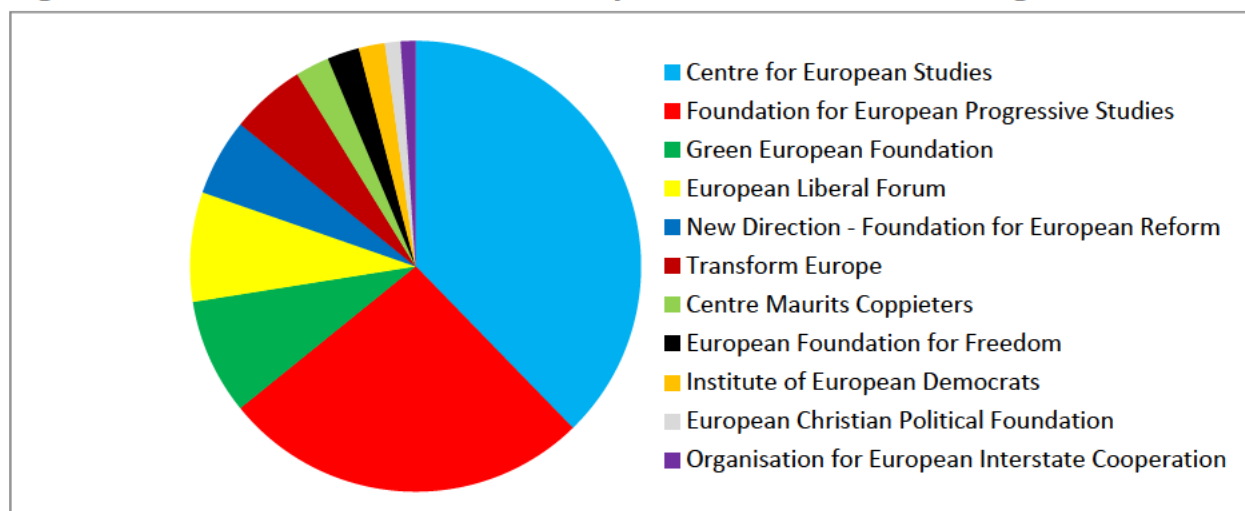
Going into the intricacies of funding measures is not necessary for this report³⁸. In accordance with Gagatsek and Van Hecke (2014) attention must nevertheless be called to two points. First, according to Regulation 2004/2003, 15 per cent of the total budget allocated to PFELs is distributed in equal shares between all recognised foundations, and the remaining 85 per cent is distributed amongst those that have elected Members in the European Parliament, in proportion to the number of their elected members (art. 10 of Regulation 2004/2003). Given the current political composition of the EP, the two largest PFELs – CES and FEPS, affiliated to the two largest political groups in the EP – take the greater part of the available funds. Based on 2013 grant allocations, which are not final, CES received from the EP more than 4.2 million Euro (about 34 per cent of the total budget allocated to PFELs) and FEPS received more than 2.8 million Euro (22 per cent). Conversely, the smallest foundations, such as ECPF and the Organization for Interstate Cooperation in Europe respectively received in 2013 about 170,000 Euro (roughly 1.4 per cent) and 160,000 Euro (about 1.3 per cent). This large discrepancy in the amount of resources allocated explains many of the differences amongst PFELs that will be illustrated below. Table 3.1 and Graph 3.1 include data on final grant allocations to all PFELs and on their shares of the total grant amount for 2011.

Table 4.1: Political Foundations at European level: Final grants 2011

Foundation	Final grant	Foundation
Centre for European Studies	3,864,558	
Foundation for European Progressive Studies	2,709,255	
Green European Foundation	850,527	
European Liberal Forum	804,634	
New Direction - Foundation for European Reform	565,895	
Transform Europe	548,762	

Source: EP official data

³⁸ For details on PFEL funding see Gagatsek (2011).

Figure 4.1: Political Foundations at European level: shares of total grant 2011

Source: EP official data

Second, even if these figures are in some cases very low, they must be read in context. Regardless of the smaller proportion of funding given to smaller PFELs, these can play an important role in complementing the activities of the PPEL to which they are affiliated, because the material and personal resources of their respective PPELs are not that much greater. On average, the budgets of individual foundations constitute between 64-70 per cent of the overall budget of the PPELs to which they are affiliated. Gagatsek and Van Hecke (2014) use another measure that compares the number of employees in the PFELs and PPELs. For instance, at one point the EPP employed 28 people and the CES 12. These authors argue that for this reason these comparatively low figures as well as the enormous discrepancy between PFELs do not hinder their usefulness to their PPELs, although they obviously influence the amount and range of activities PFELs can be involved in.

4.2. Activities

Regulation EC 2004/2003 as amended by Regulation EC 1524/2007 expressly defines the tasks PFELs must perform:

- observing, analysing and contributing to the debate on European public policy issues and on the process of European integration;
- developing activities linked to European public policy issues, such as organizing and supporting seminars, training, conferences and studies on such issues between relevant stakeholders, including youth organizations and other representatives of civil society;
- developing cooperation with entities of the same kind in order to promote democracy,
- serving as a framework for national political foundations, academics, and other relevant actors to work together at European level.

Fundamentally, PFELs express their ideas on public policy issues that they would like to circulate to the public in publications, which summarize these proposals. They also do so through the organization of events, wherein these ideas are discussed with the relevant actors of the European or national public space. The current situation of these activities will be analysed below.

The most important entity with which a PFEL cooperates and has relations is clearly the affiliated political party at European level, as the organizational ties interconnecting the two EU level actors so clearly demonstrate. The affiliated party, however, is not the only entity with which they cooperate and have relations. A political foundation also has relations with other actors including for example the other PFELs, national foundations, think tanks, and NGOs. These relations, including the potential interactions, are described in section 2.

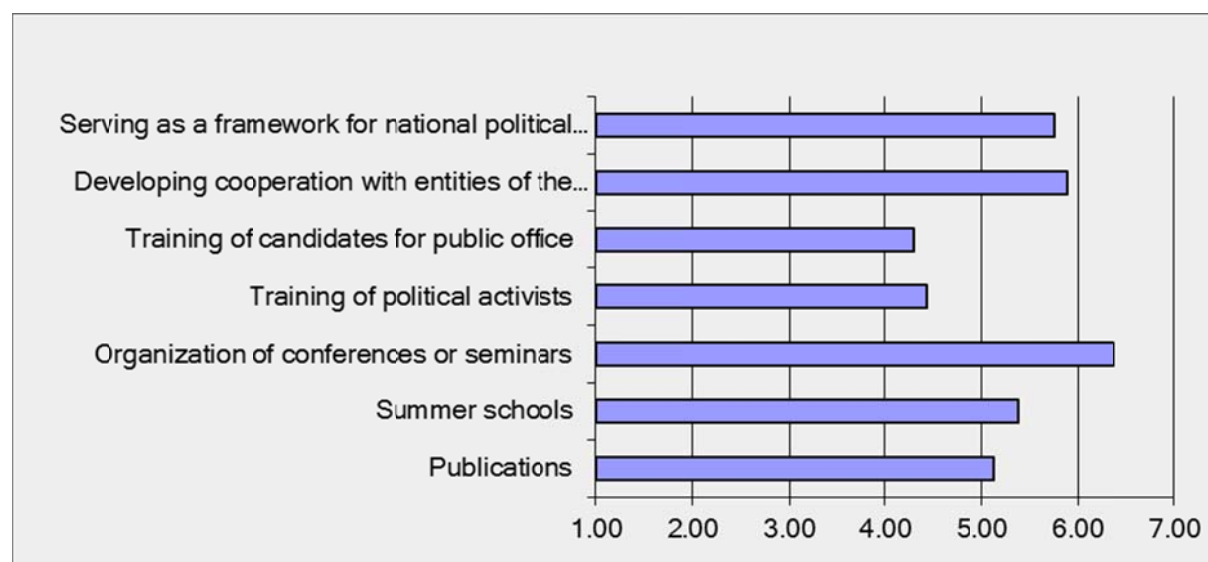
To conclude, even if the PFELs had already come into being prior to the European elections of 2009, they were still in too early a stage of development to help the affiliated PFELs in drafting their policy programs and the electoral platforms. Several developments with regard to the upcoming 2014 elections are worth mentioning. Some relevant news can be underlined for the upcoming 2014 elections. These elements will be analysed in section 3.

4.2.1. Outcomes

All the representatives of foundations confirm that the themes dealt with by PFELs are coherent with the targets explicitly identified in the amended Regulation 2004/2003, meaning they contribute to the creation of a European Political Space and to the integration of European and national spheres. Other speakers (such as the regionalist CMC) preferred to emphasize their role in giving a broader audience to national and local events and interests (Conference 2013).

In 2013, representatives of foundations declared that most of the **activities** implemented by the PFELs consist in the organization of conferences, seminars, youth and other annual events, and summer schools. Graph 1 displays the more precise ranking by level of importance that the foundations assigned to several activities in 2014 (Survey 2014).

Figure 4.2: Opinions regarding the most effective activities performed by PFEL to promote the European awareness of citizens throughout Europe



Key: (scale from 1-7, where 1 is the 'least effective' and 7 'most effective')

Source: Survey 2014

All the functions carried out by the foundations received positive comments by the PFEL representatives, insofar as all the marks were over 4. Of the eight foundations that replied to this questionnaire, five consider the organization of conferences and seminars to be the most important activities: the average rating being 6.38 (on a scale from 1 to 7). The two

least relevant activities are considered to be those linked to the education of political personnel ("training of candidates" and "training of political activists"). Only FEPS and EGF consider these two to be amongst the most relevant activities of the foundation.

It is not easy to quantify and compare the total amount of activities organized by the foundations due to the variation in the kinds of actions performed. In addition, it is not easy to verify the magnitude or the impact that the conferences, seminars, workshops etc. have. However, we believe it is useful to give quantitative indications of the activities of the foundations. Finding a common definition of these activities is not easy either. Fortunately, most foundations (the four biggest: CES, FEPS, ELF and GEF; and others: IED, New Direction, etc.)³⁹ clearly define their external activities as "events", thus this is the expression we use in the following table.

Table 4.2: Events organized by PFELs

Foundations	Events in 2013
Centre for European Studies	54
European Liberal Forum	49
Green European Foundation	45
Foundation for European Progressive Studies	35
Transform!	29
European Christian Political Foundation	11
Center Maurits Coppieters	10
New Direction - Foundation for European Reform	9
Institute of European Democrats	5
Organisation for European Interstate Cooperation	1
Foundation for a Europe of Liberties and Democracy	0
European Foundation for Freedom	0

Source: From the respective websites of the foundations

Obviously the effectiveness of the different events organized by the foundations is directly linked to the current organizational resources they have available to them. Not surprisingly, the four largest foundations (CES, ELF, GEF, FEPS) are those that organized the greatest number of events in 2013. Two foundations, FELD and EFF, did not organize any event in 2013. Some of these events are one of series that are regularly organized. This is the case with the "Ralf Dahrendorf Roundtable Series", which is organized by the Liberal Forum, and that of the "Summer University of the European Left and Transform!", which is organized yearly by the two organizations of the alternative left.

The situation varies with regard to publications. Almost all of the PFELs publish material. Only two – the "European Foundation for Freedom" and the "Foundation for a Europe of

³⁹ ECPF's website talks about "Congresses & Conferences", while Transform! includes its activities under the section "Calendar".

Liberties and Democracy”, which do not possess a website – do not publish any material. Most of the foundations – the ELF, CMC, CES, ECPF, FEPS, GEF, IED and New Direction – publish research or policy papers. Only the Organization for European Interstate Cooperation and the European Liberal Forum publish material without any specific classification. FEPS and CES publish lengthier publications (i.e. books) and CES publishes an annual factbook on its affiliated Europarty. To conclude, several foundations – CES, FEPS, GEF and Transform! – have at least one periodical journal. Transform! has a journal of the same name; GEF prints the *Green European Journal*; and CES publishes the *European View*. FEPS is the only foundation that has three periodic journals: *Queries*, which aims to stimulate the scientific debate on Europe); *New Left*, which specifically addresses socialist ideas; and *Fresh Thinking*, which targets politicians, civil society representatives, and practitioners.

Table 4.3: Publications

Foundations	Website	Periodic Journal	Books	Policy or Research Papers	Other Publications
Center Maurits Coppieters	x			x	x
Centre for European Studies	x	x	x	x	x
European Christian Political Foundation	x			x	x
European Foundation for Freedom	x				
European Liberal Forum	x		x	x	x
Foundation for a Europe of Liberties and Democracy					
Foundation for European Progressive Studies	x	x	x	x	
Green European Foundation	x	x		x	x
Institute of European Democrats	x			x	x
New Direction - Foundation for European Reform	x			x	
Organisation for European Interstate Cooperation	x				x
Transform!	x	x			x

Source: From the respective websites of the foundations

To conclude, our research demonstrates that three foundations do not carry out visible activities, or public events and publications. We cannot be certain whether they are really active or not, however we can assume that the impact of OEIC, FELD and EFF is very limited. The representatives of these foundations also did not participate in the conference organized by OPFR in February 2013 the aim of which was to assess the role of PFELs five years after their establishment.

With regard to the others, during the conference in 2013 they clearly articulated their ability to perform, albeit in some cases with the limits imposed by their size and organizational resources, their more political function, that is to help develop a European consciousness amongst the potential voters of their affiliated parties. However, at least one speaker remarked that it remains very difficult for the PFELs to reach people who are not already interested in the EU and related issues. What is even more problematic, however, is the difficulty with which the PFELs perform their more “cultural” functions, i.e. to spread the idea of Europe amongst the citizens at large, irrespective of their party preferences (Congress 2013).

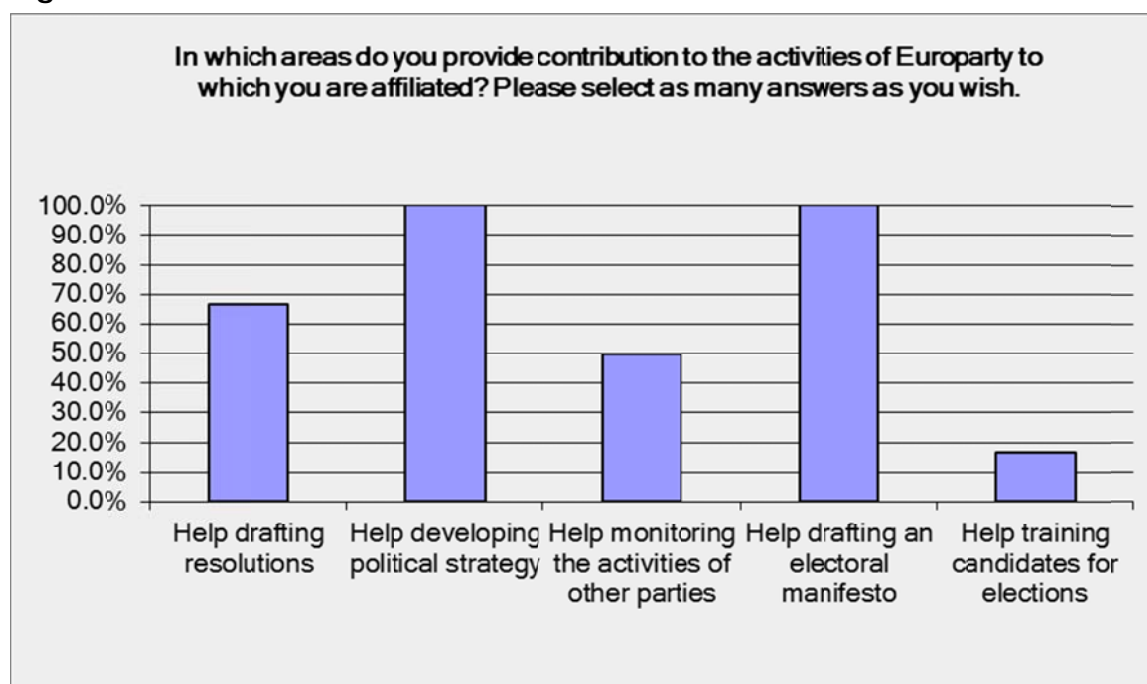
4.2.2. Relations with the PPELs and with other PFELs⁴⁰

Most PFELs also seem to be very respectful of the prescriptions laid out in the Regulation regarding organization. Many speakers emphasized the importance of relations and coordination with the respective affiliated PPELs. In some cases this may lead to the organization of coordinated annual events or to outright proposals of ideas and policy choices at the respective Europarties Leaders' Summits (FEPS and CES). In fact, CES and FEPS seem to be the two foundations that have the strongest relations with their affiliated PPELs. Both CES and FEPS advisors regularly meet with their respective counterparts in the affiliated PPELs in order to inform one another about their current activities and plans. This behaviour is not carried out to the same extent by the other two big foundations already analysed in the literature – ELF and GEF – which tend to be more interested in direct contact with individual voters and sympathizers and/or to behave as a laboratory for new ideas (Gagatek, Van Hecke 2014).

In particular, 7 out of 9 foundations declared that they had relations with their affiliated PPELs, often or very often. Only two, New Direction and Green European Foundation declared not to have strong or decisive relations with their parties. In practice, as is shown in Graph 2, the field in which PFELs mostly cooperate with their affiliated PPEL regards drafting the electoral manifesto and the development of the political strategy⁴¹. Also with regard to foundation-party relations, it is confirmed that training political personnel is not considered a relevant activity for the foundations.

⁴⁰ Before the official introduction of the juridical figure of Political Foundation at the European Level by the EP in 2007, another actor, performing similar activities, already existed in the European Union. The “European Network of Political Foundations – independent actors in democracy promotion, development cooperation and political dialogue” (ENOP) was founded in 2006 and also receives funds from the European Union. It had, and still has, the scope of serving “as a cooperation structure, and as a communication and dialogue instrument between European political foundations and the Institutions of the European Union”. Differently from PFELs it is not linked to any specific political party.

⁴¹ With regard to this question we received replies only from six of the foundations.

Figure 4.3: Shared activities between PFELs and PPELs

Source: Survey 2014

Less conventionally, some PFELs do not limit their activities to the European Union, but also have relations with organizations from extra-EU countries. In general, however, from an organizational point of view, the PFELs function as networks (or, in the words of some speakers, “umbrellas”) of national foundations.

All of the representatives described the PFELs as one of four pillars of partisan activity at the European level, the other three being the Member Organizations (the national foundations), the EP party groups together with the respective PPELs, and the International Party Families or other international organizations (i.e. European or World Social Forum) (Conference 2013).

Differences amongst PFELs however emerged when the speakers reported on their respective capacities and on the strategies they adopted in order to perform their tasks. The most visible differences appear to be determined by the respective size of PFELs. Smaller foundations prefer to take a decentralized and subsidiary approach, made necessary for some of them by the fact that they do not have central offices in Brussels (ECPF is based in the Netherlands, EFF in Malta, and OEI in Sweden). On the contrary, CES and FEPS stated that they had a more centralized top-down approach, at least in the organization of the most important activities and events. Inputs from national member foundations are however relevant for the larger foundations as well. This difference, as may be expected, is determined by the availability of resources: the two largest PFELs receive in excess of twenty times the amount of EU funds given to the smallest. This naturally has profound implications on how well and effectively the different PFELs can perform. Two important points emerged regarding the effective links between PFELs and civil societies in member countries. From an organizational point of view, it also emerged that the larger PFELs have an advantage which is due not only to the size of their permanent staff, but also to the connections they have in all the member countries, connections that the smaller foundations do not have. These links can be provided by the national foundations that are full or observer members of the PFELs. The following table shows how diversified the

current situation is amongst the PFELs, wherein the ELF, FEPS and CES cultivate direct links with almost all the member countries, through their connections with national foundations, and, the four PFELs that do not have any affiliated national foundations.

Table 4.4: Presence of national foundations affiliated to PFELs in the European Member States

Political Foundations at European Level	Countries with Full Members + Observers
Foundation for European Progressive Studies ⁴²	28
European Liberal Forum	26
Centre for European Studies	21
New Direction - Foundation for European Reform	18
Green European Foundation	16
Transform!	13+3
Center Maurits Coppieters	4+4
European Christian Political foundation	7
Foundation for a Europe of Liberties and Democracy	0
Institute of European Democrats	0
European Foundation for Freedom	0
Organisation for European Interstate Cooperation	0

Source: From the respective websites of the foundations

Again with regard to relations with national political spaces, it was emphasized that the PFELs are a necessary complement to the PPELs since the latter have difficulties in reaching out to the national level where their potential action is pre-empted by the national parties, which at times act as their competitors. Most interestingly and quite originally, the representatives of some foundations expressed the opinion that greater collaboration amongst the foundations was necessary or at least desirable for the effective promotion of European ideals or for the identification of issues that could be better addressed at the European level in the interest of the European citizens. In practice, three foundations have declared to have tried or will try to organize events with other PFELs: Transform stated, "We have made respective proposals but received no positive answers from partners"; the CMC is planning to organize with other foundations "an event to analyse the result of the 2014 European Elections"; and the ECPF declared they did not participate in any event with other foundations because "we have not been approached by other foundations. However, we [...] are open for such a joint event." GEF states that even if "there is no structural reason for excluding any such cooperation, but maybe [there are] different priorities (in topics), but also geographical reasons – being based in Brussels or outside of Brussels – make it more difficult to find mutually interesting cooperation opportunities" (Survey 2014).

⁴² FEPS is present in all the 28 countries also because it accepts political parties as its own members.

4.2.3. Special Activities for European Elections

The 2009 elections to the European Parliament were held too close to the establishment of most of the foundations (2007) to allow for them to have a proactive role in drafting the electoral manifestoes of the PPEs. The literature notes that only the CES actually contributed to the electoral manifesto of the EPP (Gagatek, Van Hecke 2014).

In view of the upcoming European elections of 2014, some PFELs have already organized special events aimed to form electoral volunteers or potential candidates. This is the case with the European Liberal Forum, which organized ahead of the upcoming EP elections in 2014 a pan-European event to discuss the main policy issues facing liberal youth organizations. In addition, "several experts presented best practices and lessons learnt from past European election campaigns, the use of New Media as a communication tool, a self-defence course workshop on how to promote European liberal values in the face of challenges by populist politicians as well as how to engage activists in political activities" (ELF website). ELF has also organized two other specific training events for liberals of Central Europe and the Baltics and for those of Southeast Europe and the Western Balkans. However, all of the foundations declared that, in view of the upcoming European elections, they have not increased the level of cooperation with their affiliated PPE. Despite this, several PFELs affirm that they are playing an important role in drafting the electoral manifesto of their respective PPE. This is clearly the case with the bigger foundations, CES and FEPS. The progressive foundation declares: "FEPS has been the one to initiate the intellectual debate on priorities and is involved with the progressive parties, foundations, NGOs etc. in the initial conversation about the priorities regarding the vision for Europe. From the point that the drafting and amending process started, FEPS moved to a consultant-like position, refraining itself from forging political deals regarding one or another amendment. It keeps participating fully in the debate in all the respective PES bodies, and also in the drafting committees etc."

Of the smaller foundations, only three have declared that they have roles in drafting the electoral manifestos, namely, Transform ("somewhat"), GEF ("individual members of the Board in a consultative role, but not as a structural involvement of the foundation") and IED. In particular, IED seems to be one of the PFELs with the closest connections with its Europarty: "IED delegates take part in the EDP meetings (i.e. Council), in which they always have an intervention scheduled in the agenda. During the intervention, the CEO reports on IED activities, launches new projects and shares the foundation's position on subjects considered of particular importance (i.e. advising to include particular elements in the manifesto)".

4.3. Conclusions

Before the establishment of political foundations at European level Europarties lacked the personal and material resources to closely follow medium- and long-term EU policy process. The establishment of PFELs provided Europarties with a means to help fill this gap. Moreover PFELs are for the respective Europarties sources of new ideas that, allow them to become more policy-oriented and to focus on policy-seeking goals. Clearly, the two actors with which the PFELs have stronger links are the Political Parties at European level and the national foundations, which in many cases represent the membership of PFELs. The activities of the PFELs are aimed at underpinning the already existing activities of the PPEs - as expressed by Regulation EC 1524/2007 and to give a broad audience, or provide a common policy framework, to activities carried out by national foundations. These activities have already shown the potential to have a positive impact on citizens' awareness of the

EU, particularly among members of the affiliated national foundations and parties. Some “special” activities or stronger relations between PFELs could be expected in the occasion of European elections, but evidence says that they have not increased their level of cooperation and limit its help to partly participating the drafting of the Europarty’s electoral platform.

We have found a clear distinction between bigger and smaller foundations. This is not only characterized by the difference in the amount of activities and publications the bigger foundations are capable of carrying out in comparison with the smaller ones (such a distinction would be also obvious and acceptable) but also in the nature of the relations they have with their correspondent political party at European level. CES and FEPS have stronger connections with EPP and PES respectively than any other foundation has with its affiliated party. These stronger relations can be seen from a static perspective, but also from a dynamic one. From a static point of view we can see that individual members of the foundations are at times also *de jure* members of bodies of the party, or, as in the case of FEPS, national political parties are members of the PES but also of the FEPS as well. From a dynamic point of view we can see that these two PFELs often organize activities with their PPEL, especially with regard to the crucial aspect of drafting the electoral platform for the European elections. The smaller PFELs have weaker relations with their PPELs, from the point of view of a shared membership between the two and, with the exception of the IED, from the point of view of common activities. However it is important to underline that the difference in resources, organization and, consequently, in the outcome of activities is somewhat relevant amongst smaller foundations. In fact, with regard to some PFELs it has even proved impossible to collect data through our survey, insofar as we did not receive any answers from them, and from official sources – as aforementioned, some foundations do not possess even a website. To conclude, we can also remark that other ways of assessing the foundations are also necessary, but we limited our study to the examination of the political or even partisan aspects for the purposes of this report.

5. CONCLUSIONS

KEY FINDINGS

- To a large extent this report confirms the findings of the 2010 report on “How to create a transnational party system”.
- Our analysis does not reveal the emergence of territorial divides within the Party Groups, particularly between their Northern and Southern members.
- The introduction of a uniform and common European statute for all PPELs, based on EU law, is a fundamental precondition for the creation of full-fledged parties at the European level as well as a transnational party system.
- PPELs have strong links with the national political foundations and with the PPELs to which they are affiliated.
- Whilst the institutionalization of Europarties has continued, this trend does is insufficient for an improvement of the structure of the developing transnational party system.
- The decision on the part of the Europarties to enter the 2014 EP elections with their own candidates for the Commission presidency would not be enough to create a fully-fledged transnational party system, but could be a step in the right direction.

The 2010 report on “How to create a transnational party system” found that whereas the units of the system, the parties, were becoming more and more institutionalized, the development of competitive systems of interactions in the various supranational arenas that are relevant for the creation of a party system at the European level was still lagging behind.

To a large extent this report confirms those findings. Our analysis on the positions and the cohesion of the EP Party Groups on key economic issues does not reveal the emergence of territorial divides within the Party Groups, particularly between their Northern and Southern members, contrary to fears that geographical differences in macro-economic and financial perspectives would be mirrored within the Party Groups. Three different data-sets indicated that attitudinal and behavioural differences between the Northern and the Southern members of the EP Party Groups remain small and have not grown after the economic crisis that has affected EU Member States for the last five years. Although the nature of the available data suggests that some caution should be used in the interpretation of our findings, they provide positive indications concerning the development of transnational EP Party Groups.

EP Party Groups are but one organizational component of the would-be transnational parties. The 2010 report suggested that a better integration was needed with the other two components, the PPELs themselves and the national parties they include in their membership. It also emphasized that the introduction of legislation at the EU level for the regulation and public funding of political parties was to be considered a useful means with which to favour party and party system institutionalization. Indeed, the introduction of a funding scheme, through Regulation 2004/2003 was found to promote the organizational integration of transnational parties. Since then, the EP, and in particular the AFPO, have developed a new scheme, which underlies a Commission proposal that is currently being

discussed and is scheduled for approval by the Council. The new scheme, outlined on the basis of the Giannakou Report, is meant to give further impulse to the process of party transnationalization at the EU level. We feel that the proposal's approval, by introducing a uniform and common European statute for all PPELs, based on EU law that defines a common legal, organizational and financial status is a fundamental precondition for the creation of full-fledged parties at the European level as well as a transnational party system. In particular, the Commission's proposal is meant to strengthen the role of the PPELs in contributing to the dissemination of information to the public in order to raise awareness of significant European policy matters.

For this purpose, Political Foundations at European level were also established. It was felt that Europarties lacked the necessary personnel and material resources needed to maintain the links that are essential to communicate with citizens on policy options at both the national and European level. The EU Regulation that established the PFELs is clear with regard to what their tasks should be. The primary tasks of the PFELs must aim to underpin the already existing activities of PPELs and to give a broader audience, as well as to provide a common policy framework, to activities carried out by national foundations. Our survey of the activities of PFELs indicated that they are indeed shaped by the goals laid out in the Regulation. PFEL representatives reported that the actors with which they have the strongest links are the national political foundations and the PPELs to which they are affiliated. It should be noted, however, that contrary to what might be expected, or even feared, no intensification of the relations between PFELs and the PPELs to which they were affiliated was verified in the period just prior to and during the European elections with the exception of a few PFELs that helped their respective PPELs to draft their electoral platforms.

As could be expected, the PFELs that are larger and have more financial resources are much more active than the comparatively smaller PFELs. Interestingly, however, differences between these two groups go beyond the material capacity to conduct activities, and they extend to the nature of the relations they have with their respective PPELs. CES and FEPS – the two largest PFELs – appear to have stronger connections with the EPP and with the PES respectively than the other foundations have with their affiliated PPELs in terms of overlapping memberships (meaning, the same national political parties are members of the larger PFELs and of their corresponding PPELs), as well as in terms of the quantity and quality (such as drafting the electoral platform for the European elections) of shared activities. Naturally the larger PPELs are those that have a longer history and higher degree of institutionalization. As such, they have experienced higher levels of engagement in the activities that are typical of PFELs since before these last were created. This has no doubt facilitated the development of intense relationships between the two.

Overall, in the four years that have passed since our initial report on “how to create a transnational party system” only partial progress has been made in the direction of the goal implicitly set by the report's title. As we indicated then, improvements were needed in both elements of the party system: its units (the Europarties) and its structure (the sets of competitive interactions among the Europarties in various EU arenas). The institutionalization of Europarties has continued to develop, especially in terms of the cohesiveness and inclusiveness of their EP components, the Party Groups, and potentially in terms of the better integration of the three organizational faces of the Europarties. The former development is particularly significant if we consider that the sustained economic crisis that has affected EU Member States throughout this period was feared to have the potential to produce a very destructive effect on the internal structure of the Party Groups. The latter development on the other hand will have to be confirmed over the next few

years. For the time being, the legislative improvements announced by the Commission's proposal on the reform of party regulation and funding at the EU level, and the functions already being performed by the recently created PFELs are prospectively very significant. The elements we have examined in our report do not have *per se* the potential to improve the structure of the developing transnational party system. As is well known, substantial Treaty reforms, capable of establishing a more direct link between EU citizens and EU executive institutions than the one provided by the intergovernmental links in the Council(s) would be needed. Other than Treaty reform, there is only one potentially positive change that could occur as a result of a development that is beyond the remit of our investigation, namely, the decision on the part of the Europarties to enter the 2014 EP elections with their own candidates for the Commission presidency. Five PPELs have done so under the assumption that, once the EP election results are known, the proposed candidate that is the most successful will be nominated President of the Commission by the governments of the Member States. The elections would thus confer an indirect mandate on the new President of the Commission, boosting the democratic legitimacy of the EU system as a whole. Moreover, it would make the EP electoral arena more competitive, in other words more "politicized". To be sure, this innovation alone would not be enough to create a fully-fledged transnational party system, but, given the present institutional constraints, it would probably come as close to this goal as is currently possible.

6. REPORT'S SUMMARY

6.1. Introduction

This report is based on a follow-up study on "How to create a transnational party system". It focuses: (a) the policy positions and coherence of the EP Party Groups after the Euro-crisis; (b) the regulation and funding of political parties at European level (PPEs); (c) the role of political foundations at European level (PFELs).

It ascertains the continued ability of EP Party Groups to respond cohesively to the challenges posed by the current economic crisis.

It further assesses the opportunities and incentives provided by EU legislation on political parties at the EU level for the development of a transnational party system.

Finally, it provides an assessment of the institutionalization of PFELs as organizations created for the promotion of democracy at EU level and for the support of their related PPEs.

6.2. Policy positions coherence of EP party groups after the euro-crisis

With regard to EU democracy, homogeneous political groups are crucial in providing European voters with a meaningful programmatic supply.

Despite the fact that the impact of the 2007 'mega-enlargement' has been limited, the recent economic crisis may have endangered cohesion and the policy agenda of the Political Groups, resulting in a new territorial divide between Northern and Southern MEPs.

However, the analysis of the preferences of both the 'party in the electorate' and the 'party in public office' unexpectedly revealed that differences between the Northern and the Southern members of the EP Party Groups remain small and have not grown after the crisis.

Similarly, a territorial split within the Party Groups was not observed in the analysis of MEP voting behaviour, leading to optimistic conclusions about the EU party system's political development in spite of the economic crisis

6.3. The Regulation and funding of political parties at European level

Party rules and regulations have a tendency to promote organizational convergence: this is particularly valid for non-stabilized party systems, such as the EU, where non-institutionalized party organizations exist

EU institutions have progressively opted for a more detailed and defined codification of the nature, role and activities of PPEs in the wake of the existing national practices.

The adoption of a common European statute for all PPELs, based on EU law and defining a common legal, organizational and financial status is a fundamental precondition for the creation of a European *polis* and a common political space.

The Giannakou Report and the Commission's proposal represent institutional efforts to strengthen the transnational nature of the PPELs and to create deeper ties between them and EU citizens.

6.4. Political foundations at the EU level

PFELs could potentially play a role in strengthening the policy-seeking capacities of PPELs, thus contributing to the development of a transnational party system.

The degree of closeness between PFELs and PPELs varies.

Although they operate in the same legal and institutional environment, different PFELs have set different goals and priorities for themselves.

Most activities of PFELs can be classified under the production of publications and the organization of events.

The amount of activities carried out by the PFELs is directly related to the size of the PFEL and their relative access to financial resources.

6.5. Conclusions

To a large extent this report confirms the findings of the 2010 report on "How to create a transnational party system".

Our analysis does not reveal the emergence of territorial divides within the Party Groups, particularly between their Northern and Southern members.

The introduction of a uniform and common European statute for all PPELs, based on EU law, is a fundamental precondition for the creation of full-fledged parties at the European level as well as a transnational party system.

PFELs have strong links with the national political foundations and with the PPELs to which they are affiliated.

Whilst the institutionalization of Europarties has continued, this trend does is insufficient for an improvement of the structure of the developing transnational party system.

The decision on the part of the Europarties to enter the 2014 EP elections with their own candidates for the Commission presidency would not be enough to create a fully-fledged transnational party system, but could be a step in the right direction.

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